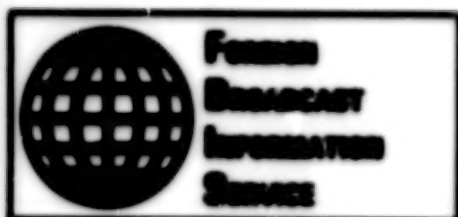


JPRS-EER-92-086  
27 MAY 1992



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# ***JPRS Report***

## **East Europe**

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# East Europe

JPRS-EEB 92-066

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### Official Concern With Fighting in Moldova

41. 260509/492 Sofia BTA in English 0859 GMT  
26 May 92

[Bulgaria Is Concerned Over Fighting in Moldova]  
BTA Report "Bulgaria"

[Text] Sofia, May 26 (BTA)—Bulgaria is concerned over the escalation of fighting in Moldova, whose President Mircea Snegur announced the possible introduction of war-time measures, says today's DEMOKRATIYA, the daily of the Union of Democratic Forces, quoting an unidentified Foreign Ministry official.

According to him, the reason for Bulgaria's concern is that there is a considerable Bulgarian minority in Moldova, whose security cannot be guaranteed in the conditions of continuing fighting between the Moldovan authorities and the Russian-Ukrainian minority on the left bank of the Dniester River. The diplomatic source reminds that there are about 100,000 Bulgarians in Moldova.

Bulgaria, whose position was expressed in a declaration of the Foreign Ministry and was confirmed by Foreign Minister Stoyan Ganev in Helsinki, supports the efforts for a peaceful settlement of the conflict in Moldova, says the Foreign Ministry official. The Foreign Ministry may issue a new declaration after it checks the information about the conflicts and the problems of the Bulgarian minority in Bessarabia, the unidentified source predicts.

### Silistra Wants Action Against Romanian Claims

42. 260510/092 Sofia BTA in English 1717 GMT  
26 May 92

[BTA report: "Can Southern Dobruzha Become Apple of Discord"]

[Text] Silistra, May 25 (BTA)—The citizens of the town of Silistra (on the Danube) are expecting the Bulgarian Government to take "an official and firm stand" on the publications which have appeared in the Romanian press of Romania's territorial claims on southern Dobruzha. This is pointed out in a letter to the president and the prime minister by the chairman of the Municipal Council of Silistra, Vasil Karimov, and the mayor of Silistra, Stoyan Pligarski. The letter expresses concern over the claims of the political campaign alliance in Romania "United Democratic Consortium" for the restoration of the Romanian borders of 1940. The citizens of Silistra protest against "the latest political provocation" of the nationalist circles in Romania and describe their territorial claims as disrespect for the "patriotic feelings and national prestige of Bulgaria." "That is why we insist on an official and firm reaction to such provocations aimed at destabilizing the relations with Romania," the letter of the leaders of Silistra reads. It insists that the Bulgarian Government requires "an official stand on the part of the Romanian authorities."

### International Agreements, Crime Rate Viewed

43. 260509/092 Sofia BTA in English 0841 GMT  
26 May 92

[Text] Sofia, May 26 (BTA)—President Zheljo Zhelyev is to lead the Bulgarian delegation to the UN Conference on

Environment and Development to be held in Rio de Janeiro from June 3 through 13, 1992. It was decided at the session of the government which ended late last night. Together with Foreign Minister Stoyan Ganev, the president will attend the last stage of this conference, when the final documents will be signed at summit level. The government also approved the draft conventions to be signed at the forum by the minister of environment, Mr. Valentin Vazirev, on behalf of Bulgaria.

The draft agreement on Bulgarian-Venezuelan cooperation in culture, science and education was also approved. This agreement is to provide the basis for the forthcoming talks and the signing of the respective intergovernmental documents.

The cabinet approved a Bill on the Amendment of the Criminal Code introduced by the ministry of justice and internal affairs. The changes, which the sponsors believe are indispensable, aim at facilitating the combat of crime and the preventing of criminal activities in the economic sector.

As Bulgaria still lacks a state coat of arms and a new issue of coins should be put into circulation, the government stipulated the conditions for its design. The coins will carry the inscription "Republic of Bulgaria" and will feature elements of the Bulgarian flora and fauna, historical symbols and architectural monuments instead of the coat of arms, the Council of Ministers decided.

The government discussed several possibilities for the use of former Party House of the Bulgarian Socialist former Communist Party in the center of Sofia. The final decision will be made after a public opinion poll and a specially appointed expertise.

### Russia Agrees To Buy Uranium Concentrate

44. 260518/1792 Sofia PUCH.BE.P. in Bulgarian  
26 May 92 2017

[Interview with Zhan Karakash, deputy chairman of the Board of the National Electrics Company, by Pavel Perv, place and date not given. Russia Is Inclined To Purchase Bulgarian Uranium]

[Text] At the end of April, a Bulgarian delegation held talks in Moscow with interested Russian organizations and ministries on the problems of exporting Russian-produced nuclear fuel for the Kozlodub Nuclear Power Plant and importing Bulgarian uranium concentrate into Russia. Mr. Zhan Karakash, deputy chairman of the Board of the National Electrics Company, discussed this subject with a representative of the TBI O Editorial Board.

[Press] Mr. Karakash, the late of uranium mining workers thousands of workers in the Krasnoyarsk company. Do the results of the Moscow talks offer any grounds for hope?

[Karakash] The talks with our long-standing partners had several purposes. One of them was for us to attract the amounts of fuel required to operate the two units at the Kozlodub Nuclear Power Plant during 1993. In addition, we asked for additional offers to supply ready-to-use fuel elements produced from Soviet raw materials and offers for elements using Bulgarian uranium concentrate. We reached

a mutual agreement that both sides are interested in long-term contracts that greatly depend on the prices.

[Perev] This probably led you to further define the areas of mutual interest.

[Karakash] Yes. One of the members of our delegation was Venelin Venelichev, a manager of the Rare Metals Company, who fully briefed the Russian representatives on what his company could do. It was established that our available concentrate is almost sufficient to meet Bulgaria's needs. The next day the Russians offered considerably higher prices for our uranium than they had previously.

[Perev] Was their offer accepted?

[Karakash] Unfortunately, we first have to establish a new transportation arrangement for the deliveries because of the changes in the state borders of the former USSR. The prices we offered are free to the Russian border, and our hosts promised to set up new routes for the uranium within the next few days. This will have a bearing on the Rare Metals Company's assessment of whether the offer is advantageous.

[Perev] What is the basis of comparison?

[Karakash] The Western offers that the National Electronics Company is already examining will form the basis. In principle, it is not easy to change over to a new system because the consent of the chief designer of the nuclear power plant is also required. In addition, none of the Western producers supplies nuclear fuel to Russian parameters, so that we remain tied to Russia.

[Perev] Under these circumstances, is your general assessment of the meetings positive?

[Karakash] The most important thing is that the Russians agreed to buy Bulgarian concentrate. Things will be clearer in two or three weeks. The contract to import fuel from Russia is a certainty. It remains to be seen whether we will also sign an agreement to export our raw material if the Rare Metals Company accepts the price offered. The company wanted higher prices but is unlikely to obtain them anywhere else, given that the market is now saturated.

### Havel Criticized for Handling of Slovak Issues

LD005414 Bratislava SEODHONY PLATON in Slovak  
24 Apr 92 p 1

[Guest commentary by Katerina Perkenova: "No More Fog"]

[Text] The president of the CSFR has the constitutional right to speak before the Federal Assembly at any time. During the past two years it became obvious that Vaclav Havel exercised that right only when he considered it important to use the auditorium of the highest legislative body to address all citizens. His latest parliamentary speech on 14 April, with which he opened the closing session of both chambers during this term, is proof of that as well.

Havel's hour-long musings about the last two years and the developments that will immediately follow them continued the theme of his statements in the most recent Conversations from Mirova and Komice. It almost begs to be said that the speech this time lacked the previously usual moral and philosophical dimension and had a strictly pragmatic tone. A tone which Vaclav Havel chose as the only possible one for an above-party president in the pre-election period. While obviously that was not the issue.

The words of the current head of state were supposed to ring in the ears of all citizens, but in some definitely more emphatically than others. In the ears that adorn the heads of the leaders of what will be the future strongest parties. But even that would not be enough. Czech ears have been sensitive to Havel's words for a long time now. Moreover, the chairmen of the two most influential parties, Vaclav Klaus of ODS [Civic Democratic Party] and Jan Hrabek of CSSD [Czechoslovak Social Democrats] have already given their clear "yes" to Havel's future candidacy. Jan Hrabek pragmatically, because he does not see any other suitable person for that function when he realistically evaluates the actual distribution of political forces. Vaclav Klaus with a classic touch of bitterness in his voice, when he complained to all the other parties that ODS never considered anybody else, so that it never even thought it necessary to speak about it publicly. Gradually, OHS [Civic Movement], ODA [Civic Democratic Alliance], and KDU-CSL [Christian Democratic Union-Czechoslovak People's Party] joined them, when they wanted to pinpoint those who had a real chance of entering the post-election chess game in the Czech Republic. There is no doubt that at the very least Klaus' party was not that united in considering its decision to support Vaclav Havel, but in the end its purely pragmatic chairman obviously had the last word and convinced his lambs that the substantive matters will be decided before the Castle anyway, in the ministries of interior and finance, so that the less important ones can be constitutionally left to the Castle, no matter who occupies it. And in that case, Vaclav Havel is certainly the most acceptable. Even in spite of his reservations about the screening law or his weakness for foreign policy as interpreted by Klaus' rival Jan Dienstbier.

But in composing his April speech Vaclav Havel realized clearly that what matters most this time are the Slovak ears. While then a Czech or Moravian viewer came away from the television set a little disappointed, because he actually got

just one basic piece of information, namely that Havel agreed to be a candidate (about which nobody had any doubt in the first place), the Slovak viewer certainly realized that the president's words were directed mainly at him.

If we take the slogan "No more fog" as the theme of Havel's pre-election speech, we must unfortunately admit that this slogan was to go into effect only after the president's last word was heard. Because otherwise it is beyond me how the listeners were to understand his statements—ordered a reasonable conclusion—that the Slovaks no longer want to and will not live in the Czechs' shadow, which he immediately followed by the statement that notions about the dissolution of the state from above and its subsequent new loose union are confined and highly irresponsible toward the citizens. And the president continued to fog the issues. About the necessary continuation of the transformation, about the need to come to terms with the tainted past, about honoring national sentiments.

I cannot help it, but to my mind it is precisely this way of beloggging the issue which by and large justifies the Slovak politicians in taking exception to the president's speech.

I am convinced that not even the representatives of the current Slovak opposition parties have anything against a functional common state, that they have no objections to a speedy conclusion of the economic reform, and that neither do they want the proponents of Slovak sovereignty to turn into a gang of aggressive soccer fans. The problem is, they had enough of being told by somebody in Prague, no matter whether by the Castle, the ministry of finance, interior, or the federal government, where the dividing line is between an authentic federation and unitary federalism, between an unbearable shock therapy and a reasonable social-market economy, between a sincere longing for national identity and nationalist fanaticism.

The Slovak opposition parties simply want to ask the citizens in the elections where this line lies, not some wise man in Prague. I am afraid that so far Vaclav Havel has not appreciated this fact enough. That is why until now he only got approval for his candidacy from KDH [Christian Democratic Movement] and ODA [Civic Democratic Union], in other words, those Slovak parties which are hopelessly losing voters' favor precisely because they do not ask them about Slovakia's needs, but ask their Prague protectors instead. For two years now the proposition has been nurtured among the Czechs by all and any means that this is precisely that condemnable Mecenas populism. Obviously even Vaclav Havel succumbed to this propaganda when he failed to understand that it is above all a generally apposite picture of the majority opinion and needs of the Slovak nation.

### Cernogorsky on 1945 Liberation Anniversary

LD00540492 Bratislava Ruckhigova Saptara  
Slovenske Noviny in Slovak 1600 GMT 3 May 92

[Interview with Slovak Prime Minister Jan Cernogorsky by correspondent. Location, place and date not given—live or recorded]

[Excerpt] [Littner] Mr. Prime Minister, our interview takes place on the day when we recall the 47th anniversary of our republic's liberation from fascism. Nevertheless, the feelings brought about by this date are conflicting—on one hand it is the liberation by the Soviet Union, and on the other hand it resulted in over four decades of devastation caused by the ideology of the former Soviet imperialism. What is your view on this?

[K. Antagarský] First, I would like to point out that history brings not only advantages but also disadvantages, history being usually a combination of advantages and disadvantages. The anniversary of the liberation and end of the war is such an anniversary. Nevertheless, on the occasion of this anniversary I also keep recalling what changes were then wanted in Slovakia [passage omitted].

[Littner] How should we then assess Victory Day taking into account the historic experience you mentioned?

[K. Antagarský] Victory Day means the defeat of fascism and as such it deserves to be celebrated. Everything that has followed is the subject of personal experiences as well as personal tragedies and the subject of historians' study.

[Littner] The liberation by the Red Army almost 50 years ago was in fact the end of the existence of a certain phase of the Slovak statehood [passage omitted].

Many people associate the Slovak state with fear, for them it has become the symbol of violence, injustice and clericalism. Nevertheless, there are also citizens who perceive this period as a positive one. What is your view on this, Mr. Prime Minister?

[K. Antagarský] Last week you asked me in fact a similar question concerning the period of socialism. Then I said that I held in esteem those people who then simply created positive values which have been preserved; those people deserve to be respected. Thus the people who created positive values in the period of the Slovak state also deserve to be respected. Nevertheless, I do not feel entitled to carry out a detailed analysis of either the period of socialism or the period of the Slovak state. I perceive them as historic phases—one closer to us and the other further away in our past, in our history. I prefer to leave this task to reflections of those people who lived then and to historians—made as well as possible to polemics and arguments perhaps also by politicians. I concentrate on working for the benefit of the present, and let us hope also the future. Slovakia. Work for the benefit of the present and future Slovakia is linked to the Slovak state of 1939-45 neither from the legal point of view nor from historic point of view. Nevertheless, we can learn a lesson from it. [passage omitted]

[Littner] As early as 1990 you spoke in one of your essays about six Slovak disproporities. They included relations with the Hungarians, heavy industry, power engineering, isolation from abroad and our own disaster. Mr. Prime Minister, after two years' time, has there been any change in your perception of the aforementioned disproporities, or are there any new ones?

[K. Antagarský] The six ones I listed are quite serious and quite deep to suffer without adding new ones. I think that

we have made steps, or at least small steps towards overcoming many of them. Hungary, Poland, and Czechoslovakia are forming a constellation of three states and four people. Cooperation between these three states is progressing quite successfully. The only exception is perhaps our dispute over Gabčíkovo, but we are trying to localize this dispute. But it is indeed only a Gabčíkovo dispute.

As far as our Hungarian fellow citizens are concerned, then we are naturally building a dialogue—in the government, in parliament, or on other levels alike—about the present position of our Hungarian fellow citizens or what their position should be like. Quite substantial sums have been allocated in the state budget to support ethnic education and ethnic culture. By the way, I proposed talks between Slovak Republic and Hungarian Republic representatives about the Slovak minority position in Hungary and the Hungarian minority here in Slovakia. I presented this proposal also at a citizens' public meeting in Bratislava Strada back in March. The Hungarian side has so far not responded to this proposal, but the Slovak government is prepared to hold these talks and to improve minorities position beyond the framework of international agreements which are observed in our country.

As for heavy industry, our enterprises are including in their production program new productions, very often in liaison with foreign companies such as Lombardini engines in Martin. The Slovak government recently undertook a plan to introduce a new production program in Dubnica nad Váhom. It will manufacture highly efficient oil rigs. But one could mention other enterprises, too.

A conception until the year 2005 was approved in power engineering. The construction of the Mochovce nuclear power plant is continuing. In this respect we are cooperating with foreign firms. The construction of the Gabčíkovo hydro-power plant also continues. Measures to carry out regular annual inspection of the safety of the Ľadyslav Bohunec nuclear power plant have been drafted. Moreover, at the last government session, when we dealt with the Ľadyslav Bohunec nuclear power plant, the government committed, as an alternative, a program for the building of a steam and gas cycle, which could make it possible for us in the future to cut down on nuclear power or possibly even eliminate it altogether. But at the meantime this is music of the future.

Foreign awareness of Slovakia has risen exceptionally over the past two years. There is interest abroad in direct contacts with Slovakia, just by the way, what they appreciate about Slovakia is that our internal problems, may they be within Slovakia itself or within the Federation, are addressed constitutionally, through negotiations, and in a peaceful and democratic manner. It is only your question whether we have made headway in eliminating our own disaster, which makes me feel uneasy, for there is nothing specific I could tell you—that we made a headway even on this dispropority, too.

[Littner] Mr. Prime Minister, let us stop now with the typical events this week. How do you view the parliament's attitude to the report on the fulfillment of the program



statement of the government.' The resolution was approved by more than half of the deputies present at that time, but if we realize that there were only 46 deputies present it does not show any great willingness to adopt a viewpoint to the activity of the government.

[K. Antognini:] It does not show any excessive presence of deputies in the parliament. It is one of the problems of Slovak constitutionality: if you want—Slovak standard—that the political and work efficiency of the Slovak National Council has dropped. Fewer deputies attend sessions, often one has to summon deputies to safeguard the decision-making ability of the Slovak National Council.

[Latter:] Today's meeting, in fact, closes the cycle of conversations which for over a year we have been broadcasting under the title 'Ten Minutes With the Prime Minister.' The rest of the Fridays fall under the election campaign by law and the minutes of these conversations can be inserted as advantages of one political grouping because you are also chairman of the Christian Democratic Movement. So now I am taking advantage to ask you about the difference of the period before the election in 1990 and now.

[K. Antognini:] We are wiser than we were two years ago. We are wiser because we are aware of things now in greater detail, in a more matter of fact way and in greater depth. We have become acquainted with the difficulties with which we are meeting, perhaps, we are also better acquainted with ourselves. We also know ourselves better as a result of the fact of how parties and movements fell apart which, at that time two years ago, stood at the elections and were elected to parliaments, but, at the same time, we are also wiser because we know better how to overcome problems with which we are meeting and from this point of view I am optimistic for the future. [language omitted]

#### **ODS Deputy Chairman Looks at Election Prospects**

*by J. HOSKAL, Prague RESPECT in Czech 22 Apr 92, p. 1*

[Interview with Josef Zelenec, deputy chairman of the Civic Democratic Party by Vladimir Milnar, place and date not given. 'A Conflict With Us Means a Threat to the State']

[Text:] [Milnar:] At the last congress of the ODS [Civic Democratic Party] in Pilsen, it was said that your party requires 24 million korunas [Kcs] per year. Where do you get so much from and how will you finance the election campaign?

[Zelenec:] There are many rumors in circulation as to how much money the ODS has and who is financing it. The truth is that our sources of financing are similar to those of the other parties. When Civic Forum broke up, we received several millions of korunas which the movement had obtained for election purposes. The ODS does not have many employees and this money is sufficient for us for the time being. We are also receiving contributions from individuals and naturally, also from party members. Moreover, someone will, for example, lend us a fax machine or a Xerox machine, will broker services for us, etc. The ODS does receive some assistance from abroad, but it is, for the most

part, substantive or administrative assistance, but not financial aid. We do not have any economic facilities and we oppose the financing of political parties by the state.

I do not know exactly what our election campaign will cost us, but it will not be more than 600,000,000 million. We shall be acquiring the money within the framework of the possibilities outlined in the law. We shall also make use of bank credits on the basis of the anticipated election results.

[Milnar:] According to the election law, a voter can make use of preferential votes. The candidates of your party have allegedly pledged that, in the event the candidate list were to contain the name of some important member of the party leadership, they will give up their mandate as delegates in his favor.

[Zelenec:] No, nothing like that is true. The selection of candidates for the parliamentary election was not handled as democratically as was the case with us, and without any kind of discussion from the center by any other political party. Everyone, including Václav Klaus, had to be elected by a local gathering, then by the regional congress, and finally, by the final evaluation round, involving the choices of a single king, where the sequence on the list of candidates is determined. The Executive Council only has the right to intervene regarding the sequence on the list of candidates.

#### **Allies and Adversaries**

[Milnar:] How does your program differ from that of the other Czech rightist parties, specifically from the program of the Club of Nationalized Activists [KAN] and from the Civic Democratic Alliance [ODA]?

[Zelenec:] Today, there are forces facing each other who wish to restore one or another form of socialism, and forces which are asserting the democratic transformation of society. The agreement among the rightist forces to form a coalition or at least to conduct a joint campaign is, thus, very important and can be of historic significance.

The KAN is a party which places emphasis on coming to terms with the past and this also dominates its program. The ODS does not neglect this aspect, but places the main emphasis on a positive change in society and the economy. Václav Klaus frequently compares this to an automobile with a narrow-view mirror. The view to the rear is important so that the automobile can be safely controlled, but the view ahead is most important. The narrow-view mirror cannot obscure the view ahead. The difference between the ODS and the KAN is in the proportion of the size of the windshield and of the narrow-view mirror.

Another example is the ODA. I believe that it has essentially the same program as the ODS. That is why we also have the same circle of voters. Paradoxically, it is the biggest problem in negotiating regarding a coalition. It would be best if we were able to come to agreement. We are trying, but there is the well-known problem of the personalities on both sides, be they men. I think that it is unattainable to have two parties in existence with the identical program. Even if no agreement were to be reached by the time the elections are held, we shall propose to the ODA that we proceed jointly in the election campaign.



[Mlýnský] Which parties and movements in our political scene do you consider to be possible pre-election and post-election partners? With whom is collaboration out of the question?

[Zelenka] We have formed a coalition with the KDS [Christian Democratic Party] and we shall cooperate with the ODA and the KAN. I believe that we need not, in all aspects, conduct a campaign against the ČSL [Czechoslovak People's Party]. In Slovakia, we have close ties with the Democratic Party and with the Hungarian Civic Party. Cooperation is also possible with the VPN [Public Against Violence Party] and possibly also with that portion of the KDH [Christian Democratic Movement] which is represented by Mr. Černogurský. The specific election programs of the individual parties will be what will matter. Coalition or any kind of cooperation is out of the question with the left, of which we also consider the Civic Movement [KDH] to be a part.

Quite another matter is post-election cooperation. In principle, this is possible with anyone other than the communists. What will matter here must be specific individuals. There are also parties which may not acquire any seats in parliament and which have high-quality personalities. Without regard to the election results, we shall collaborate with such people as V. Dlouhý, J. Jeřábek, J. Kalvoda, or perhaps presidential adviser Sasa Vondra.

#### **Rather an Independent Bohemia Than a Socialist Federation**

[Mlýnský] Is your post-election collaboration with the HZDS [Movement for a Democratic Slovakia] realistic?

[Zelenka] In terms of election program, there is a wide gap between the HZDS and the ODS. Of course they are connected on the basis of a certain type of responsibility because they are the two strongest parties. The very fact that it is possible for the HZDS to win in Slovakia and for the ODS to possibly win in Bohemia still does not mean that we should throw a bomb at the republic. We shall negotiate with everyone who will mean something in the political sense. This is why the ODS also put in an appearance in Slovakia. We have thus far not negotiated with the HZDS, but if there are going to be any kind of negotiations after the elections, they will be led by the ODS program for our part, a program from which we shall not deviate. We are a party of principles which does not maneuver solely for the purposes of acquiring power.

[Mlýnský] During the election campaign, it is possible that polarization into a left and a right bloc could occur. Would such a method suit you or are you more in favor of a consociational model of any future collaboration between the right and left bloc, much like was the case in Germany regarding the CDU [Christian Democratic Union] and the SPD [Social Democratic Party] coalition?

[Zelenka] I must repeat again that this depends on the specific party programs which are thus far not known. We are a party which is functioning within the government and so it is perhaps clear that we are capable of a sensible compromise. In view of our strength, a confrontational conflict represents a threat to the future of the state. That is

why after the elections, we shall go to the limits in the negotiations regarding the formation of a government which is still acceptable to our citizens and our voters.

However, at the federal level, there is the danger that the left, thanks to a substantial victory in Slovakia, will be capable of forming a federal government by itself. If we were confronted by the choice of permitting the return of socialism or partitioning the state, the ODS is determined to insist on the immediate proclamation of a referendum in the Czech Republic regarding the continued existence of the federation. Personally, however, I do not consider such a development to be terribly likely.

#### **Foreign Policy, Restitution, and Debelshization**

[Mlýnský] What changes would you make, for example, in foreign policy in the event your party were to be victorious in the elections?

[Zelenka] We consider the present foreign policy doctrine to be inappropriate and unsuitable and, therefore, we would undertake certain changes in that respect. We would unequivocally orient ourselves toward exclusive integration with the Western world—economically, politically, and militarily. We would not place so much emphasis on postcommunist groupings, the so-called central European track, or the hexagon theory. We would cease placing Czechoslovakia in the position of being a bridge between the East and the West.

This does not mean that we will be opposed to good relationships with our neighbors. But the notion that prior to "entering Europe" we would have to integrate with Poland and Hungary is wrong, in our opinion. It brings about a status under which we would be integrating our weaknesses and would be expected to enter Europe only after all of us have disintegrated them. This concept has delayed our being accepted as a member of West European civilization with full rights and, we believe, it is an erroneous concept. A similarly irresponsible step was the Czechoslovak proposal for the simultaneous eradication of the Warsaw Pact and of NATO. In the eyes of the West, we have become unreliable as future allies. The fact that the acquisition of security guarantees or membership in NATO is, at present, so far removed is to a considerable extent, the result of our ambiguous policy with regard to the West.

[Mlýnský] How do you regard restitution and the so-called debelshization?

[Zelenka] We definitely do not wish to go back with restitution to a time prior to 1948. As far as the so-called debelshization is concerned, you will not find this word in any of the program documents of the ODS. Our party has already proposed the across-the-board publication of the names of employees and agents of the former StB [State Security] and we would also have to this, provided we shall acquire a decisive majority in the future parliament.

[Mlýnský] You would not undertake any additional steps other than across-the-board publication of names?

[Zelenka] The party has no official view regarding this question. However, as well as I know the ODS, I believe that

we would not go further. This has to do with that about which I already spoke. We want to look ahead.

[Mlýnský] We must clearly anticipate that revenues to the state budget will decline next year and at the same time there will be growing pressure for state expenditures. It is possible that there can even be a budget deficit. How would the ODS solve such a situation?

[Zelený] The ODS prefers low taxes and, at the same time, minimum state expenditures. We shall attempt to limit expenditures for state administration to the maximum extent possible and to eliminate subsidies. Of course, we shall also do all we can to see to it that revenue for the state budget does not decline in other words, to see to it that enterprises are capable of paying taxes.

In this respect, privatization will play a big role. It will create the resources which should help maintain a balanced state budget until the end of the year. Beginning in 1993, we will have a new tax system, which is currently used in Western countries. The value-added tax (VAT) will clarify the entire process of collecting taxes and will make it possible to collect far more revenue than the existing system of sales taxes. After a certain time, the revenues to the state should, therefore, rise even given today's level of production.

[Mlýnský] The delegates of the ODS are among the key critics of the work performed by the Legislative Council of the federal government. However, your party contains only very few lawyers. In the event of an election victory, you would clearly have a certain shortage of capable legislators. How do you intend to deal with this?

[Zelený] Yes, there truly are not any lawyers in the ODS who have the experience of already having written three socialist constitutions. However, I reject the claim that we lack capable lawyers. The ODS not only has such people as Mr. Toman, Mr. Houska, or Minister Novák, we have other lawyers, for example, Messrs. Soos, Kovar, Sedláč, or Mrs. Marvanová. They can always compete with Mr. Růženský.

#### The Past Is Not a Qualification

[Mlýnský] In conclusion, a personal question. In the circles of your political adversaries, you have a reputation of being the man who fragmented Civic Forum because you dislike former dissidents. What do you think of people who were involved in Charter 77?

[Zelený] Civic Forum would have broken up even without me if, however, I contributed to that breakup, then I did a good piece of work. Civic Forum had its historical mission, but prolonged its existence beyond the time necessary for the creation of democracy. It became the refuge of people who did not wish to have their positions subject to control from below.

It is not true that I dislike dissidents. I had and have a number of friends among them and a number of them are also active within the ODS. There is, however, one problem. What is the significance for today and for tomorrow of the fact that someone was a dissident? I am convinced that

society cannot function if the selection for people to administer the state is handled in anything but a democratic manner. I reject the proposition that the aptness of holding a certain office be based only on the fact that someone was in open opposition to communism. A number of people who were successful dissidents and did much for this country lack the qualifications for the positive building of the state. To be in opposition to totalitarianism requires strong moral integrity, bravery, but also a gravitation toward resistance and destruction, albeit of bad things. In addition to morality, the building of the state calls for more or less clerical inclinations, as well as the ability to deal with people, both of which characteristics are foreign to me and entail other views.

Last, but not least, there is one more matter here. Dissent was based on the solidarity of the powerless. Without that, it would have been destroyed by the communists very rapidly. Solidarity in state administration, however, leads on the direct path to favoritism and cronyism and is, therefore, unacceptable to me. Life in the opposition led to the notion that it is possible to unite people even if they have contradictory views, as long as they are democrats. However, this only functions as long as there is a totalitarian adversary. If we transpose this to conditions of freedom, it can lead to the choking of democracy.

#### Arms Production Conversion Problems Examined

*by J. Hrubý, Prague, EKONOMIKA, 1992, 1, 1, 1-10*  
[1. Apr. 92, pp. 1-10]

[Article by Eng. Jan Vrablik and Eng. Marie Kocová: "The Conversion of Arms Production"—first paragraph in EKONOMIKA introduction]

[Text] The conversion of arms production is an extremely sensitive topic for the CSFR, from the economic, social, as well as the political standpoints. Moreover, it is complicated by the circumstance that the current status and the prospects of Czechoslovak arms production are normally presented in some communications media with a lack of adequate objectivity and frequently with emotionally biased viewpoints which do not take reality into account.

The boom in Czechoslovak arms production continued in 1988 when the volume of production amounted to 24 billion korunas [Kcs]. Some 70 percent of the production of Czechoslovak armaments plants was exported in the 1980's, including 80 percent exported to the countries of the former Warsaw Pact, with the remainder then going primarily to Third World countries (which were frequently insolvent and the materials were sold on credit which frequently remains unrecoverable to this day). During those years, Czechoslovakia was ranked in seventh place with respect to the world export of weapons. (For comparison purposes, during the period of the First Republic, the Czechoslovakia of that day was in third place in terms of weapons exports.)

Approximately 80 percent of the armaments production was concentrated in Slovakia and 40 percent in the Czech Republic. Weapons were produced in more than 40 enterprises and their production directly employed 75,000

The main reason for the reduction in the normal defense requirement in the medium term is serious armaments programs and in some and substantial demands made upon the long-standing armaments industry. Together with the strengthening of a serious level political policy, this could result in the gradual dismantling of military production which could lead to a reduction in economic and military burden in the future to safeguard the defense capability of the state in comparison to the removal of this kind of production in the short term to ensure the stability of weapons which are no longer being produced through imports. The purchase of all arms and munitions requirements should be undertaken by the government.

and equipment. Problems arise especially in the case of loss of capacity which are related to the reduction of defense capability and the restructuring and specialization of the arms could show up consequences of the disintegration of treaty and non-treaty arms which frequently include air, surface and space-related.

- Longitudinal structure of the system of weapons resulting from the frequently unclear situation of the Ministry of the Interior of Czechoslovakia submitted to engage in this type of export with the active absence of a law on trading in weapons. It is therefore essential the adoption of a law on active arms production and trade allowing this production be operated on a law that would provide equal national economic bases and the frequent changing of the reputation of the C.S.F.R. abroad. The export of selected types of armaments production (defensive) Czechoslovak small arms where the production has long years of tradition and a generally recognized quality and technical level should continue to be authorized in particular automatic weapons. It should the export for civilian use hunting small arms, civilian rifles, pistols, machine guns, automatic equipment and rear service equipment in civilian production wherever armaments enterprises could find a solvent customer. Such exports currently occur in the form of an export license for the conversion of armaments production even for exports of these types of armaments equipment will be produced in Czechoslovak industry. (Permission to export heavy weapons systems such as aircraft, tanks, trucks, combat vehicles, vehicles, armored personnel carriers, and individual quantities of armaments or weapons will according to a decision by the government of the C.S.F.R. on 14 March of this year be subject to decision by the Council for Defense of the State).
- Requirements involved in the situation of demand by the center particularly with regard to the infrastructure of transportation and communications, energy, and health services which could be a considerable crisis compensation for the shortfalls of armaments production.
- The inadequate solution of regional and social problems involved in conversion particularly the creation of new jobs and the remaining of workers dismissed from armaments production, the creation of measures of unemployment and social problems in the arms having higher concentrations of armaments production. The integrated solution of these problems in the region including financial support for the introduction of new civilian production should become a permanent task of cooperation on the level of center-prices-labor offices-local offices and representative units. (For the present this means the cooperation reports such as Pardubice, Fidek's Blatna etc.). This method should be used to purposefully avoid even further negative consequences resulting from unemployment. The creation of "workers' in-house parties" could become an important aid in the solution

of regional problems. In the case of conversion both foreign companies and medium-size business activities and the processing of regional development programs of the state should be supporting the development of new jobs.

- The need for economic measures to achieve promising armaments conversion while avoiding costly new projects or solving problems of maintenance of cases where the state has to invest in continuing armaments production. (4)

#### Large Scale Privatization and Armaments Production

Large scale privatization is a specific problem for armaments production. In 1991, the state should exert its control over the major part of armaments production in the defense of the state which should continue to remain under state ownership much as in the case of the majority of countries abroad. In fact, the state is producing 90 percent of the capacity of heavy and light armor may that it serves.

In the medium term, if economic management there are the projects to offer some regarding the state of the state in the long term, among the being most armaments production enterprises which would define the structure of the state in the long term in the enterprise as a mechanism to meet through so-called golden standards. Most generally, not even the privatisation for a possible participation in foreign capital in the armaments industry are chosen as all the conditions for creating new ventures involving foreign partners. (5) Using the long-term process in the privatisation process is not desirable with respect to a number of enterprises for example, it is not clear in all cases what the long-term process will be when the enterprise is broken up into smaller units or the (long-term) privatisation process is interrupted at the state level and not being continued in private. (6) The question of privatisation process should according to the current situation of the center be the fundamental condition for affording support to enterprises in 1991. Some large organizations which are participating closely with a technologically sophisticated, which processing privatisation projects do not always appear to be sufficiently serious in a number of cases it is almost a law of acquiring one-sided information regarding Czechoslovak armaments production.

Based on the analysis of findings from studies which are also undergoing the process of disarming armaments industry which is necessary to identify and adjusting it such a part as it is not technologically it would seem that it is particularly critical, namely, centrally commissions, publications and information system. (7) In order the problems of conversion to be solved.

#### Will a Pragmatic Approach Prevail?

It must be noted that a pragmatic approach is beginning to be applied in Czechoslovakia in the area of armaments production and in regions. (8) (9) The C.S.F.R. seminar on conversion which was held in February of this year in Bratislava found that there was a prevailing European

pragmatism with regard to questions of armaments production and its export. The deputy prime minister and the federal minister of economics, V. Dlouhý, stated comprehensively at the conference in Martin on 10 February of this year that weapons represent a specific type of goods which are traded by anyone, including those who criticize on the move.

The process of converting armaments production is an important part of the structural changes within the Czechoslovak economy. Within the course of this conversion, a number of economic, defense, technical, social and political problems arise. Their identification and their overcoming can also be contributed to by a broadly based specialized discussion.

#### Footnotes

1. For example, Sweden is counting on reducing armaments production by approximately 1 percent over 20 years; Germany, according to information provided by the Endowment for Science and Policy, by approximately 10 percent by 1995, according to study materials provided by the Danish University at Lyngby; the United States is planning to reduce armaments production by 10 percent, etc.

2. Of these, it is possible to cite projects of small-scale agricultural mechanization, small single-track vehicles and ecological facilities at the Považ Engineering Plants at Považská Bystrica, hunting and sports weapons manufactured at the CZ Plant at Uherský Brod, automobile systems for cargo trucks and personal automobiles at the Mosopa Plant at Prostějov, a new generation of steam motors at the Pal Magneton Plant at Krimetz, health care equipment manufactured at Mikrotechna at Modrá, and at the Tesla Plant at Blatná, regulator drives produced at the Electric Power Research Institute at Dubnica, axles and transmissions produced at the Heavy Machine Tool Enterprise at Hlohová, automobile parking systems produced in the Václavské Plant at Štátní, ecological engineering projects ongoing at the Engineering College at Kladno, at the Sazavský Plant in Nové Město, at the Slovak Engineering Plant at Uherský Brod, at the Kovárské Plant at Trenčín, etc.

#### Criticism of Aspects of Wage Regulation

*VEKHOŠEC, Prague EKONOM (1992)  
23 Apr 92, p. 26*

[Article by Milan Plachý: "Regulation: Yes, but What Kind?" A Macroeconomic Look at Wage Regulation.—first paragraph in EKONOM introduction.]

[Text:] There are not many government measures which would encounter such disagreement as the desire in the regulatory law for curbing wage and other personal expenditures in 1992. Not only do the trade unions take a negative position—and such a position is, overall, understandable as far as they are concerned—but also the Association for Industry as well as private business people are taking such a position. It is clearly not happenstance. Nevertheless, the government is insisting on its position.

Various forms of wage and price regulation in a market economy represent the most current means of social pressure when there are fears that the self-regulating function of the market will be inadequate. From this standpoint, the government desire can appear to be a paradox: the most representatives of government policy decisions do not realize that they lack credibility in the market economy. Moreover, wage regulation, in contrast to price regulation, is considerably more unpopular and its use thus poses its restrictions (an appeal to be a gamble involving more political energy).

On the other hand, it must not be that, in the course of the transformation process, the economy is experiencing real danger and there is therefore no wonder that the current leadership is looking for instruments which would make it possible to minimize the threatening danger.

Perhaps all economists will agree that, at the present time, it is not possible to eliminate all regulation. On the contrary, it would seem that in conjunction with the unacceptably high budget deficit of last year it will be necessary to make strengthening regulation in a certain direction. Therefore, the question arises as to which area should be specifically concentrated upon.

#### Opportunities for Macroeconomic Regulation

In the area of prices, the majority of the population would undoubtedly welcome a certain lightening of regulation. It would be possible to justify such a measure by citing the still extremely high monopolization of our production and trade and by citing the weak foreign competition. But price regulation undermines the allocation function of prices and thus makes it impossible to insert a rational criterion for the distribution of resources; therefore, this is not the way.

The regulation of interest rates, particularly in the extent to which it limits inefficient borrowers, can be relatively effective. At the present time, however, it is not particularly selective. The decrease in its effectiveness is undoubtedly connected with an increase in the quality of the activities of commercial banks which, for the present, are lagging behind the standards of the market economy.

Budgetary regulation, for the time being, is contributing perhaps the most to maintaining a balance. In and of itself, however, it can by far not solve everything, particularly because it acts predominantly in a selective manner, something which can have negative consequences.

There remains wage regulation, which exerts a direct influence upon the product costs and exerts indirect influence upon demand for consumer goods. It can thus attenuate both cost inflation and also demand inflation and can thus prevent the development of the inflationary spiral.

#### Alternatives of Economic Policy

In connection with the danger of inflation, which is supposed to be prevented by the restriction of an effective barrier in the form of wage control, we must become aware of what we are striving for and what we actually want. If we want everything, we risk that, in the final outcome, we will achieve nothing. If we believe that orientation toward a growth in efficiency is deepest for us, then we must consider inflation



is the main danger inflation which, particularly with regard to the hitherto deflated price mechanism, creates the possibility for making reliable economic calculations. Without reliable economic calculations, any rational decision-making regarding the allocation of resources is impossible. Thus, an efficient economy can result in the long-term growth of the state fund of living.

However, if we aim to gain social security and the growth of the consumer level in first place (particularly in the short term), inflation will not appear to be as threatening and the main danger will be considered to be a rise in unemployment and a decline in real wages.

If the first variation will be the price priority of economic policy, then measures will be adopted to safeguard the economic balance, first at the price of the temporary attenuation of the level of economic activity. In the second case, it is more likely that a policy of expansion will predominate and that the resulting level of inflation will be considered as the appropriate price to be paid for a lower measure of unemployment.

However, the success of the expansionist policy depends in how the supply situation will respond to the inflationary impulse, which is always somewhat risky. Existing experience indicates that our enterprise system, despite all deviations to the contrary, does not conduct itself like a normal market entity. It frequently attempts to exert approaches which had proven themselves under a centrally controlled economy, or possibly such approaches which facilitate short-term survival at the expense of the future. Thus, the real danger of stagflation arises—an inflationary spiral without a corresponding growth in supply, not to speak of any growth in efficiency.

#### Pitfalls of the Adopted Form of Regulation

Under such circumstances, it is not wonder that the regulatory effort is turned toward that point which is most sensitive for the producers—wage and other personnel expenditures. However, this is too an indicator that this represents either the form or method of regulating these costs.

Wage regulation is most effective when it involves the overall volume of wages in conjunction with the volume of goods actually sold. Such regulation is implemented in an effectively functioning market. Supplementing such regulation by administrative methods is not all that well possible. In its consequences, it leads either to price control or to inflation.

As is known, the adopted system of wage regulation was aimed at average wages. However, such a solution can definitely not be considered to be luxurious. The growth of average wages over and above the stipulated limits is subject to taxation without regard as to how the enterprise is working and also without regard to the starting level of the wages involved. The possibility for rectifying wage disproportions and the opportunities to appropriately reward highly skilled conduct is considerably reduced. An enterprise which would produce only goods which are in demand and would consistently adapt the number of employees to the

extent of its production would be significantly disadvantaged. In the latter hand, an enterprise employing surplus workers will undoubtedly follow the wage ceiling, which is a method that disadvantages employees of better enterprises more than to perfect and still require work to converge.

It cannot be assumed that the government is not aware of the above-stated facts. It is possible, however, to disagree regarding the reasons which led it to adopt this method of wage control despite these facts. Perhaps it could have been the function of the fact that a similar method was already applied last year and that it is impossible to claim that it failed outright. Furthermore, there could have been an influence of the effort to preserve the current level of employment. However, that would be somewhat short-sighted. Former employment which kept the economy as well as on the margin of a more conservative stance than open unemployment. It is not just a matter of a decline in production, but also of the failure to work under at half-speed, without the necessary expenditure of effort.

Defects in the current mode of wage regulation could at most be regarded, for example, as the method which would be the volume of wage costs at the expense of national production and its outputs reduced to the extent of price. This method would definitely be more effective and would also aim at an anti-inflationary manner, but would not stimulate a growth in efficiency.

It is true that the proposed regulation would perhaps be administratively more demanding than the existing method, but then again it would not be so much more demanding as to make it impossible. And it is also perhaps not possible to count on its long-term effect. The gradual prevalence of market elements in the economy will require a significant, and each time, however, it is necessary to apply a system which would maintain the efforts of regulation. The system provided by the government is deficient, not.

#### Recovery May Come Sooner, Bank Director Says

41 JPRS 118 91 466 Prague (1991) 1: 1111 (1)  
in (1991) 17 May 91 p 1

(Interview with Jan Prochazka, Director of the Monetary Policy Department of the Czechoslovak State Bank, in the Patria newspaper and also last year. "Nothing is the Fundamental Thing.")

(Text) The achievement of macroeconomic targets of the economy is an indispensable condition for the Czechoslovak economic transformation. We regard the Program document of the Czechoslovak State Bank's Monetary Policy Department about the development of monetary relations in the first quarter of this year.

(Program) The inflation rate is adequately low in the positive factors. After its increase at the end of last year we saw its setback only again. The inflation rate was 1.5 percent in January, 1.3 percent in February, and 1.4 percent in March. The development of the balance of payments is also positive. According to preliminary data, the current account of the balance of payments ended with a surplus of \$300 million in the first quarter. This is a better than expected result. As a consequence of export surpluses, the

trade balance of payments and shows a surplus of nearly two billion dollars. Income from transportation and tourism rose. The capital account, too, shows positive results. The foreign currency reserves of the Czechoslovak State Bank rose substantially. They were worth 2 billion dollars by the end of April, against 1.5 billion dollars at the end of 1981. The trend is thus very positive, and it confirms and reassures our goal that we set out for this year—to maintain the balance-of-payments equilibrium at a stable level.

**[Petruska:]** Now you affirm that the positive monetary development will expand the deficit budgetary revenues of the state?

**[Pogoda:]** In the consequences of the introduction of a reasonable regulatory system, the revenues of the state budget, too, are developing favorably so far. However, this system is not without problems. In general, during the month, the budget summary shows a deficit, and only by the end of the month is there a surplus—4.7 billion korunas at the end of March, and 7.1 billion korunas at the end of April.

**[Petruska:]** What about the growth of wages?

**[Pogoda:]** In the Czechoslovak State Bank, we see the wage development as a risk factor. Nominal monetary income has increased 23.8 percent in the first two months of this year against the same period last year, and real income increased 8 percent. I am speaking about the results that do not reflect the fact that the agreement on wage regulation for this year has not been concluded as yet. At that time [when agreement was discussed] we supposed that there will be wage regulation. It is not so certain today, and pressure to abolish this regulation is great. This is what we are worried about, since an appropriate wage development is an important condition for maintaining current stability.

**[Petruska:]** The means of reform are describing wage regulation as a neo-economic and timetaken measure.

**[Pogoda:]** According to the experience of international institutions—the IMF, for instance—the application of wage regulation is justifiable in certain situations. In our country, wage regulation is justifiable due to fundamental changes introduced in ownership. In the case of private ownership, the orientation of a company toward long-term results is clear. In our opinion, it would be desirable to maintain wage regulation until the end of 1982 at least.

**[Petruska:]** The Czechoslovak State Bank has lowered the discount rate recently and abolished interest restrictions for commercial banks. What was the bank's reaction?

**[Pogoda:]** Of course, the banks did react. Each bank announces its course of interest rates. They differ according to the situation in each bank. Generally, we can say that one-year term deposits bear about 8 percent interest. As far as the interest rate on lending is concerned, practically all the large banks lowered their basic interest rates to between 12 and 14 percent for short-term loans. Medium and long-term interest rates are higher, since demand for medium and long-term loans is higher and sources are limited. The interest on treasury bills declined, too. By the end of February, the interest was 12 to 14 percent. At the last

meeting, it declined to 10 percent. Even at the refinancing credit performance, even market interest rose. There are between 8.5 to 10 percent.

**[Petruska:]** How does CMB function on markets?

**[Pogoda:]** Two weeks ago, the Czechoslovak State Bank granted participation in an CMB meeting. The CMB primarily appreciates the fact that we succeeded in maintaining inflation and reached good results in the balance of payments. We have a stable exchange rate, and the reserves of foreign currency are growing. The CMB also positively appreciates the results of the transformation of ownership that is under way. Total privatization is bringing in results more and more—higher quality and more diversified supply—normal for the revival of production and new investments.

**[Petruska:]** What kind of economic development do you anticipate until the end of this year?

**[Pogoda:]** The inflation development basically corresponds to our assumptions. Exports, too, are better than originally anticipated. The inflow of foreign investments continues. For this year, we planned the volume of 1981 inflow of foreign investments to reach as in the first quarter, the volume of direct investments reached more than \$1.5 billion and is likely to exceed 1 billion dollars for the year. At the time being, we are attractive for foreign capital, and the privatization is still growing. It is important that retail turnover is increasing, which is probable due to retail privatization. Savings by organizations are growing. According to a Federal Statistical Office analysis—on which we closely collaborated—consumption in the second quarter demonstrates demand, as well as demand abroad, will rise. We are expecting a certain revival of investments. It follows from the said data that the recovery of the economy, which we expected by the end of this year, may take place sooner.

## Workshop on Slovak Social, Economic Situation

*INSTITUTE Paper LITRE, NO. 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000.*

**[Interview with Helena Wolková, Slovak minister of labor and social affairs, by Stefan Roth, guest and chair of the group.]**  
The Minister of Labor and Social Affairs of the Slovak Republic, Helena Wolková, for LITRE SERVICE, No. 15 (Dinner in Slovakia).

**[Text:]** (Roth) Some time ago, Mr. Mikul mentioned that the greatest problem in Slovakia was hunger and poverty. In an interview with the LITRE, I have described such statements as an insult to people in developing countries who live in genuine poverty. What is your opinion?

**[Wolková:]** It is true that the standard of living in our country has dropped, however, no one is afflicted in talking about hunger. Also, frequently, the situation is portrayed as being worse in Slovakia than in Bulgaria-Moldavia. However, this is completely not supported by the statistic of average wages in the C.R. (Czech Republic) and S.R. (Slovak Republic); the differences are minimal. In fact, social structure for the unemployed was higher in Slovakia because it is



possible to ensure compensation and competitiveness from its competitors. These facts as well as the adjustment of incomes show that there is no justification for talking about a disaster in Slovakia.

[Hrb] Is the latest social situation in Slovakia connected with the latest constitutional organization of the state?

[Kucera] Of course. According to the government's data on the consequences of a separation of the states, which were submitted to the SNR (Slovak National Council), it is clear that the expenditures of the Slovak state budget will necessarily increase significantly (and no one knows for how long). At the same time, however, it is unclear as to how it will increase its income. This could cause social risks and dangers.

[Hrb] Is the government's own program social policies, but substantially one can see the leader of the right-wing (ER, Civic Democrats, etc.), show the right-wing position and left-wing social policies this?

[Kucera] All parties, including right-wing ones, must have social policies, in my governmental function. I frequently hear the criticism that state resources at the level of social benefits are being spent on people who do not deserve them. In this case, as a representative of the right wing, I have to agree with the critics. All right-wing parties consider that basic social justice is equal opportunities for everyone. So far as this country, we have not used this principle, rather we try to patch up holes that appeared in the old system. The two sides discussed put me in a kind of uncomfortable situation but, on the other hand, I find confirmation in the fact that, in regard to the concept and the first legislative steps, we have already made significant progress toward creating a new system.

[Hrb] What do you believe the future of the Czech and Slovak Federal Republic and its citizens will be like?

[Kucera] In an election program, the ER promotes the system that it should not take long to attain a normally functioning society, as long as there is support for a common state and quick economic reform. This is also a prerequisite for raising the standard of living. The year 1993 could be the watershed after which transformation and stabilization will be replaced by a stage of new development.

#### Review of Data on Private Entrepreneurs

cf. [Hrb/Hrb] Prague *HRSPUBLICA* NOVINY  
in Czech 18 May 92, p. 1.

[Unattributed report based on Czech Statistical Office data in the *HRSPUBLICA* NOVINY "1 Year" column "Private Entrepreneurship"]

[Text] At the end of the first quarter this year, there were 1,094,252 private entrepreneurs registered in the Czech Republic and running business according to the Small Business Law. Their number rose only slightly this year: 1.9 percent, but compared to December 1990, their number grew 2.4 times. According to the seasonal breakdown, the largest number of private entrepreneurs is reported in

Prague: 224,740 people. It could be true that many Austrian fifth Prague citizens—including grandmothers and fathers—are running a business.

Private entrepreneurship according to seasonal breakdown: Prague 20.4 percent, Central Bohemia 1.9 percent, South Bohemia 1.2 percent, West Bohemia 1.1 percent, North Bohemia 1.1 percent, East Bohemia 2.1 percent, South Moravia 1.1 percent, and North Moravia 1.1 percent.

#### NEZIS Economist Discusses His New Book

cf. [Hrb/Hrb] Bratislava *SLAVENSKÝ SLOBODNÝ*  
in Slovak 18 Apr 92, p. 1.

Interview with Marian Tkáč, Slovak Republic, deputy minister of finance, by Peter Václav, guest and first two guests: "We Must Not Become Wealthy Without Our Own Soul" — first paragraph in *SLAVENSKÝ SLOBODNÝ* introduction.

[Text] Marian Tkáč has often been criticized in contemporary newspapers for not leading the position of deputy minister of finance of the Slovak Republic. His conservative positionism is said to be too familiar. Same as the other representatives of the Independent Association of Slovak Economists (NEZIS), he very often promotes for Slovakia in the building of its own economy. He clearly indicated what the roots of his thinking are in his book *Nádej na peniaze* ("A Nation Without Money" which was published by the Bratislava publishing house. He explains the reasons for Slovak poverty, state financial crisis in the present, but also suggests some possibilities of becoming wealthy, and the conditions under which it could be accomplished.

"I wrote this book with the idea that Slovakia must find and a lot more working profitable workers," Marian Tkáč told us. "Slovakia has been and is losing off the proceeds of its own labor. I offer Slovakia new ideas. The first is at least to change the idea of a lack of ideas and money. The second is to realize that there alone have to take care of themselves, but then, of course, they have to get something."

[Václav] The raising of national consciousness often becomes the target of harsh attacks by proponents of the current state. How did they react to your book?

[Tkáč] So far nobody spoke about it with respect. Nobody even denied the idea that a nation which does not have a soul does not have money either. In the contrary, they showed interest in the book.

[Václav] When and where will there be money in Slovakia?

[Tkáč] Money comes, first and foremost, from the savings of one's own will. In his radio discussion with *Pravda*, Tkáč said that entrepreneurs, a much, a magic, little word. It might be that only as long as we do not know what will come after entrepreneurs. The truth is that we know very well what should follow. In February, a group of economists published a list of alternatives for future development. Slovakia is in a state to pursue an open market policy instead of a tight money policy. By that I mean a policy of cheap money for entrepreneurs but not for consumption. If we want to make money stronger in order to stop Western borrowing path, our currency would be a privatization of a

was necessary if we have strong desire for investment, we shall create the opportunities people would make things, build highways and at the same time construct and that part change on a different level.

Q. Now that when shall we get the money?

A. We can bring it in from abroad, or we can take care of it at home. At home we can print money but money is money backed by real work. Then there is the possibility of foreign capital into our market. From our standpoint a part of here is a quite immaterial whether money will be paid into our budget by a foreign or a domestic business. It is generally not same with given bank a job. The important thing is that money flows to the state budget. It is important that it is not to be afraid of foreign capital. It is a different matter when it comes to firms which produce imported goods enough. They do not produce work, at the end a few cents is packaging, and they have money paid from us. That is the impact of competition that want to buy up our market of their products, then so.

Q. Now, money from Prague, reports about that foreign money does not come to us because the situation here is unstable.

A. I can agree with that, but the unstable situation in Slovakia will not solve the matter of the state budget is settled once and for all. The answer we take the necessary measures, the money is at. The main reason again why foreign capital does not come from us because they have been taking Slovakia from the world in this day. And when they do in the world are in this point in us a position of weakness people, capitalists, governments. That is because after both sides is always speaking in our behalf. The answer we ourselves in the world look at as the answer the world came directly from us what we have here we live and what we are like. The better for us I am convinced that the Slovak Republic will negotiate with foreign institutions on its own, that it will be represented in membership in the International Monetary Fund as well as in the agencies of the World Bank. I can imagine that the conditions which the Slovak representatives will negotiate will be better for us than the present ones. We shall not arrive at balance at any rate a surplus of the state budget, which in the end will end up with a huge deficit anyway. In 1960 we wanted to have a surplus of 70 million Czechoslovak koruna (Kcs) in Slovakia, but had a deficit of 100 billion.

Q. What happened to that money?

A. It simply was never made to the companies. The federal economic plan, plan had had entrepreneurial policies, measures were not created, companies began to fail and found themselves at the brink of collapse. Then are tomorrow. The greatest problem is that there is nothing behind that 100 million dollars. If at least 100 thousands of representatives had been built, there would still have been a deficit, but it would have been paid by what the enterprises would earn. The state would have been just of a broad based telephone network, rapid railways, or airport. We don't pursue a policy that would create it to manage our economy, more with a deficit.

Q. Now that do they see it as an only way?

A. They would like to see and federal budget in common funds, it other words in a common pool. In the end of March they indicated about Soviet Union through these funds. We will use insurance policy and drawing ourselves for having a budget surplus whereas the Czechs are financing part of their own economic policy through the common funds.

Q. Is not in all of this at intention of liquidate Slovak economy from the inside?

A. I would not say that.

Q. Is it not that, I see?

A. I consider it to be more a matter of imperialism, caused by an absence of a macroeconomic program. But believe me a typical Slovak who will change his job for a job he will rather work for money, and for machine. During that time the neighbor takes not a job. They work even while the owner sells the tools and is about getting rich. The man has his money under the mattress. There is a few and all of a capitalist is his working.

Q. There are reports that Prague could lose in all Slovak properties through the liquidation of the Czech Republic, which would mean Slovakia's economic collapse.

A. If enterprises with headquarters in Prague will to get their funds in Slovak properties through the liquidation process, they would certainly make business about their. They could rather invest there, or spend them and live money out of them. Otherwise would be more to their advantage. But I do not think that they go where the enterprise is located, that I will not matter. For the Volkswagen working the same [sic] (Bavaria's main plant). A foreign company cannot get compensation for Slovak part upon them.

Q. I could not see any possibility of Slovakia's economic independence.

A. Otherwise creation of properties for Czechs that live in Slovakia. The Slovaks can be approached, for sale of the Czech goods, so that in case Slovakia becomes independent some of the Czech properties will be in Slovak hands. Before that incident, we were legally concerned, now will reach an agreement in how it deal with it. Otherwise entrepreneurship will function the same way as foreign capital, even in our territory. In case Slovakia will make some agreements with the Czech Republic so that the Czech market would be open to us, and vice versa, that that would significantly in other countries, as well. We shall see power through a entrepreneurial business. Slovakia must show people that they will work without borders, it hope and finally what I will do is to not know. For that I consider it will have to have instruments in its own hands, will be able, possibly have budget surplus, income tax, and monetary policy.

Q. From other independence is concerned, the pro-Prague politicians begin to claim as well the position that the world will see through us. Is it that? Did not see that the world is gradually recognizing all new emerging



a fine, the estate then passes to the construction company. Because the particularities in each of the sections are for the most being different, we shall treat each one separately here.

#### Water Protection

The use of fees and fines is governed by Federal Law No. 18/1975 Sb. on waterways, by Czech National Council Law No. 10/1974 Sb. on state administration of water management and by its amendments No. 23/1981 Sb. and by Governmental Decree No. 15/1979 Sb. on fees and on subsequent modifications of that regulation. The fees are set by enterprises at the watershed on the basis of an agreement with the enterprise, with the guidelines for setting fees being the fee indication of water quality—the biological contamination of oxygen, the content of dissolved substances, and dissolved oxygen with, and the chemical indicators or quality of the water. Each enterprise is required to make a constant deposit and the fees are then refunded to that enterprise as a result of the actual water quality found in the watershed. For the most part the fee is not any higher than the cost of purifying the water so that the enterprise would be stimulated to establish wastewater purification plants. The amendment of the regulation on fees, which is under preparation, again proposes to increase rates and to increase their regularity each year. The number of firms whose indicators is also expected to rise. In the course of the year, the collection of fees is supposed to pass to the CJEP. Last year, at the Czech Republic, some 1.1 billion koruna (Sov. r.) in fees was collected.

As of this year, fees in water management are set in accordance with the new economic terms for raising sub-subsidies which are set for each enterprise on the basis of an administrative decision by the state office or by the CJEP. When these terms are exceeded a fine is payable. This fine is assessed both for unpermitted drawing off of water, unpermitted release of water, contamination of water by other than water materials, particularly petroleum, and for violating public water supply systems or sewer systems according to the amendment of Law No. 23/1981 Sb. The maximum fine is increased to Kčs1,000 (for violating a small-diameter water supply line) and then to a maximum of Kčs1 million (for repeated violation of the obligations of the company). Even so, the fines which are collected each year are substantially lower than the sums imposed on the basis of fees. Now, a change in the economic terms is being prepared so that they would better reflect the material status of the enterprises involved (there are more than 10,000 to be covered) as well as various other measures for those who decide to construct water purification facilities. However, the amendment of the decree on fees is not likely to be approved until the end of the year.

#### Atmosphere Protection

The CJEP is governed by Federal Law No. 139/1968 Sb. on the atmosphere and by Czech National Council

Law No. 184/1991 Sb. on the state administration of atmosphere protection and on fees for atmosphere contamination. In contrast to the water management situation, fees here are set by administrative decision, issued by the CJEP which also collects fees and fines for contaminating the atmosphere. The CJEP decides on the use of the fees with respect to large sources, the state offices decide on fees regarding medium-size sources. Strict measures apply to those who decide to release emissions. If, for example, enterprises start building devices to lower emissions, 40 percent of the fees payable are deferred during construction time to a later period, and then, the supplemental fee can be waived. If the assessed annual fees, enterprises are required to pay only 40 percent of the first year (in 1984, 60), then will be required to pay 40 percent, and in 1986, 80 percent, and as of 1987 a total of 100 percent. Even this is supposed to stimulate enterprises to erect facilities designed to lower gaseous emissions.

Fines are supposed to be governed by the administrative decision which, however, have not yet been established for sources of large, medium, and small contamination. If sources exceed the regulated limits, fees here are to be increased by 50 percent.

#### Forest Protection

This is governed by Czech National Council Law No. 282/1969 Sb. on the CJEP and its contribution to protecting the forests, Decree No. 96/1977 Sb. on forest management and state administration of forest management, and Federal Law No. 61/1977 Sb. on forests. For the present, fees are not collected. Fines are assessed in accordance with Czech National Council Law No. 282/1969 Sb. Problems are caused by the nonexistence of new fees and by jurisdictional disputes between the Czech Ministry of the Environment and by the Ministry of Agriculture.

#### Waste Management

Waste management is governed by Federal Law No. 238/1969 Sb. on waste and by Czech National Council Law No. 101/1969 Sb. on state administration of waste management, and by Czech National Council Law of 22 January 1982 on fees for depositing waste materials. Fees will be assessed by administrative decision. However, these fees are not yet issued. This measure will not occur until the end of 1982. In the meantime, discrimination is being accumulated. Fees will be collected by state finance offices. Fees will be assessed by the CJEP and by state offices, starting at Kčs11,000 (an enterprise, for example, does not have a well-worked program for waste management) and rising up to Kčs11 million (for example, the unpermitted transportation of dangerous waste materials). Then, fees, other measures are being considered for those who will conduct destruction ecologically. In other words, it will definitely pay off.

### Lobbying, Conflict-of-Interest Rules Condemned

U.S. INT'L BUS. RPT. & ANAL. (U.S.A.S.A.)  
in Hungarian 19 Apr 92 p 7

(Article by Peter Black, representative of the Alliance of Free Democrats, "Prohibitor Lobbying")

[Text] Hungary's freedom in law, second period of its moral arguments over the National Parliament with this law. This is what Josef Scheller wrote in 1982 concerning the Hungarian law regulating various cases of incompatibility as they applied to National Assembly representatives.

Representation of the fact of the citizen proved their moral advantage by building a system made of strict incompatibility rules to protect the independence and political purity of representation. From a practical standpoint these regulations ruled out the possibility of representatives profiting from their political positions. Such rules are well being followed in the U.S. House of Representatives.

Former Hungarian rules in law for almost half a century found some cases of economic conflict of interest in addition to official incompatibilities. Among other things, the law specified that National Assembly representatives must not be members of parliament in the government, administration or institutions between the government and others, members or employees of firms having business relationships with the government, or members or members of boards or executive committees of companies subordinated to the government.

Beyond strict economic conflict-of-interest rules the law made explicit mention of the so-called incompatibility resulting from intervention, which prohibited representatives from intervening at the government for the benefit of business ventures unless requested by, or at the request of a representative's constituents.

The representatives who created the rules were in their minds. It could later seem for their government with themselves and let us add here, with their fellow politicians active at local governmental bodies than their predecessors. From a practical standpoint, today's regulations provide only official incompatibility rules for representatives, the law does not mention other economic conflict of interest or incompatibility from the standpoint of economy, not even in the form of some "soft rules" like those contained in the Communist house rules, which provided that representatives must declare—and consequently publish—their business interests.

These representatives active as members of government institutions in state corporations during their free time or "pensioned" as business members of state enterprise boards of directors, might personally improve by the price with willingly and courage, claiming that no law prohibits them from pursuing business activities.

It is particularly difficult to watch the grandiose character of the rules as a rule where legislative proposals submitted to the government make it clear that the role of state ownership in the Hungarian economy is going to continue to play an unchanged, decisive role. The government will continue to control the activities of a great number of

enterprises in the future, including some whose Director or board member is a politician ruling party member of a National Assembly committee supposed to oversee the government's business activities. The kind of massive dependency this situation creates is not hard to imagine. Nevertheless, it does not take any particular effort to be made up about government-supported, independent programs submitted to representation, which define the legal framework of an enterprise on the board of which the politician happens to sit.

Whenever such intermingling of economic and political power has occurred, the results conditions have been so negative that they have created serious political tension even after already established conditions of a market economy. For this reason it would be undesirable from the standpoint of both "politics" and the "economy" to build dividing walls while the initial stages of economic transition are being taken.

The lobbying system, the political independence of the economy and affecting political decisions in individual economic decisions are contrary to the principle of free competition, and can be settled only in the framework of a comprehensive conflict of interest law. One should note what can be used until such a law is passed, and new rules for representatives economic conflict of interest should be drawn up. As a first step, incompatibility should be declared with regard to official hold in businesses where the state's capital is involved, as in the case of today's representatives to prove their "moral superiority" at least as compared to the members of the previous system. I fear a comparison with other parliaments.

### Agreement on 1992 Interest Rates Not Expected

U.S. INT'L BUS. RPT. & ANAL. (U.S.A.S.A.)  
in Hungarian 19 Apr 92 p 7

(Interview with János Csizsik, Hungarian National Bank vice president, by Karoly Bagar, press and data manager. "No Agreement To Be Reached This Year"—from paragraph 6 U.S.A.S.A. introduction.)

[Text] For a long time it seemed that at the beginning of this year an interest agreement, similar to that of last October would be made between the Ministry of Finance, the central bank, and the commercial banks. But the interested parties agreed to disagree after all, and their verbal agreement was confined to a single main subject: that they will come up to the market to set the interest rates. (Largely they, or just a part of János Csizsik, and in the lack of a new agreement, we asked him to evaluate the current rate situation.) The current thing is interest rate.

[Context] The October agreement between the Ministry of Finance, the Hungarian National Bank (MNB), and the Bank Alliance Council had two fundamental elements. One of them was that the structure's liquidity surplus had to be withdrawn in order to keep inflation under control. Since the money rate was then high in Hungary, it could not be significantly decreased, for that would have driven up the credit interest rates even higher. Thus, we struck a compromise: We increased the money rate by 10 percent instead of



I told the banks tonight — before tonight, month of high bonds. This also solved the problem of financing the extra budget deficit.

The other not very important problem was the presented demand in interest rates (high rates), although it was foreseeable the banks did not really believe (and better said do not believe) that inflation would be slowed down. Indeed, the central bank emphatically called attention to that as early as the second half of last year. When at last year's higher prices resulted from the price increases between November 1980 and February 1981. During this time producer prices increased by approximately 14 percent and consumer prices by 18 percent. On the other hand, the economic requirements used in Hungarian practice, the monthly average price increases over the previous year had in fact been a bigger value. The price increases stay high even though the rate of change can now slow afterward, but the higher base rate is at work until this "year" catches up with itself and leaves the same rate. No matter what the rate of growth set up in accordance with last year's agreement — and about the presented rate of inflation, the banks were maintaining this average. Perhaps not mindlessly. For increasing inflation will create numerous problems that high inflation leaves up. Another reason why the monetary discipline at interest rates was not implemented is that the banks are in a more favorable position. As I recall, they do not need the explicit measures at the same level of interest. If even one of them begins increasing the interest rate, it will, in the short term, lose part of its resources and even if the other banks follow suit, by then it can go under. Thus, increasing the interest rates while credit exists when it is done together and at the same time.

Bogdan: Can tell when bank representatives sit down together one could think that finally a joint concept of lowering interest rates was at the making.

B. again: Indeed, but as I have mentioned they did not believe that inflation would really slow down.

Bogdan: I do not think this is only a matter of belief. As even the banks might qualified people.

B. again: For the increasing inflation was already embedded in various factors, there is hardly any danger of decreasing inflation in Hungary's future. Even the two recently nationalized East European governments also say good that this was impossible. And then, there is our huge budget deficit, on which the groups agree in that it also contributes inflation. This was true indeed as long as the population's savings did not cover the corporate demand for credit. But now we are facing an entirely different situation. Private savings have strengthened in an unbelievable degree, while the corporate demand for credit has dramatically declined. The reason for this is that, on the one hand, they do not spend for development and that, on the other, foreign capital is pouring in to them. Thus, the economic budget deficit had hardly any short-term effect on inflation. Neither the private nor the corporate sphere believed that inflation would decline and, this, individual actions taken to lower the interest rates were not very promising.

Bogdan: I could not get agreement before we decided to lower the interest rates at the same time and in a uniform manner.

B. again: That could have been done in a multi-sided banking system with great traditions. Not in Hungary. I can explain our commercial banks arrived at agree giving themselves an interest rate, but hardly anything, including capital of that. There will be no agreement whatsoever. One says that a decrease in the interest rates is very profitable immediately. There are many, many people who believe that inflation will slow down this year to a significant degree. Indeed, squares also contribute this. Consumer price increases amounted to 8 percent during the first two months this year as opposed to 11 percent during the same period last year. Producer prices increased by less than 1 percent during the last 12 months. In addition, our banking system is great problem today in that it has abundant resources that is unable to lend out the money. The law on financial institutions also plays a role in this for the financial institutions must now scrutinize much more carefully to whom and for what purpose they lend money. It has become a fundamental interest of the commercial banks to try to tie their state bonds thereby improving their lending situation. The reduction of interest rates in conjunction with the slowing down of the rate of inflation became one of this year's key issues for the country reached a position of capital 22. Because of the aforementioned high positive real interest rates, everyone wants to place his money in the banking system (consequently, two people undertake an almost) investment. But one cannot do this with credit. One cannot lend out for a supplementary source. Thus, one reason for the need to lower interest rates is to have capital start moving toward investment — and for that matter, to be able to provide credit. I hope that the commercial banks, too, will slowly begin recognizing these contradictions and will establish their business policies accordingly.

### MNB Official Internal Consultative Forum

CX 8807/11 Budapest, TV/MNO, A.I. RRB in Hungary, 27 Apr 82 pp. 4

(Article by Zoltan Kappas in statement by Fugues Marandegyi, Hungarian National Bank vice president, "Internal Consultative Round Forum" — first paragraph in TV/MNO A.I. RRB introduction)

[Text] A liberalized foreign exchange management is needed for making our national currency convertible. The introduction of a few new elements in the international foreign exchange market may be considered a milestone in the process of liberalizing foreign exchange which will take several years. For beginning in June the liberalization will cover not only the forward foreign exchange transactions between countries and banks that have a foreign exchange license but also their immediate foreign exchange transactions. In the aftermath of the conference held on this subject with the participation of the State Bank Superintendents, the commercial banks and representatives of the central bank (Fugues Marandegyi, Hungarian National Bank (MNB) vice president) confirmed the change.

To put some emphasis on international negotiations, I must say that there is nothing new from the aspect of organizing or

having a supply of foreign exchange. For in the present system business participants (and those who intend to import or wish abroad) can obtain foreign exchange either they want to. Thus the bank's internal participation does already exist. Any business that has foreign currency up to 20,000 forints (the 100,000 forint is equal to 1,000 dollars) can make for their requirements abroad. We will persuade them with great a larger amount—also for tourists—if they submit their income and payment authorization to a commercial bank. This also applies, others with some limitations, to the so-called incidental commercial exporters or those who intend to participate in professional exhibitions either they purchase foreign exchange up to a specified percentage of their export value request turnover during the previous year.

In January we also introduced an unlimited liberalization in the area of private travel and even a trip around the world can now be booked for tourists at Hungarian travel agencies. Despite this freedom, both a group and individual travel, there are some limitations in obtaining cash payments that purchase foreign currency up to the value of 150 dollars. As private one can own foreign currency up to the value of 1,000 forints without questions asked and this amount may be taken out of the country for cash trip without a permit. It is prohibited to keep foreign currency in excess of this amount at home but, until September 1993, one can do so in a foreign exchange account. This way complete control over one's foreign exchange account is assured.

Thus, in looking at the possibilities from the aspect of distribution, I think the most important thing is that citizens, whether they want to report or travel, may now obtain, basically without any limitations, foreign exchange through the banks.

During the last years of foreign exchange decentralization, several banks were issued foreign exchange licenses for making payments related to their foreign trade transactions (17 for their foreign exchange credit activity). Since December 1991, every financial institution has been able to provide us, as soon as obtain foreign credit, and then have one to report it to the central bank. (Businesses must obtain the MNB's permit to do this.)

These last years that have passed since the beginning of foreign exchange decentralization might decades in the liberalization of foreign exchange. Incidentally, the central bank is responsible not only for protecting the bank's interest rate but also for seeing to it that enough foreign currency is available for the economy as well as for every citizen. This is why we operated the system of foreign exchange distribution, which was centrally controlled and was supervised by the MNB and through which every commercial bank was able to obtain foreign exchange either by having a loan from their reputation or by borrowing in the money market and request and get it automatically from the central bank. However, they had to sell this foreign exchange in their own customers, i.e. the banks own foreign exchange assets had to be used for immediate uses. In the interest of having enough foreign exchange at the

money market—especially and in providing the regime—the MNB made the intervention with their foreign currency in it.

The goal of exchange structure, which operates on the basis of the foreign currency market, is a position dependent part of the foreign exchange market. Since 1 December 1991, we have been allowing a phenomenon: 75 percent—i.e. a half—demand—profit margin and the banks have used their accounts with their customers at this foreign exchange rate. Although financial institutions were allowed even before to sign inter-bank contracts among themselves, this kind of interbank market remained sporadic, so put it middle. In the spirit of further liberalization, I will also become possible for the banks to buy and sell foreign exchange among themselves during the course of immediate transactions. However, the new foreign exchange market will exist as long as the banks do not take advantage of the possibilities of arbitrage and money operations.

So far and large, the new way's daily commercial turnover of \$400 million per abroad business bank, other 1,000 foreign exchange market will exist only if the banks begin to move among themselves not only the \$1.5 billion deposited by the population in savings and payment accounts, but also the companies' capital stocks amounting to almost one billion dollars. Working to be involved in the new elements of the market that could facilitate this is to allow interbank spot buying and selling. Another one would be to allow financial institutions to sign among themselves contracts of buying and selling foreign exchange without the profit margin of half a percent of the bank's daily rate of exchange, also following its fluctuation during the day.

To stabilize the rate of exchange, the central bank will intervene openly and without any limitation both on the side of buying and on that of selling. For we think that it would be in its own interest to allow a bank's fluctuation for the entire day. As long as the money market lacks enough participants who can move significant amounts with modern techniques, and thereby warrant the operation of a wider margin, we can maintain the stability of the exchange rate through this constant intervention that has been announced and simplified.

Aside from the assurance of foreign exchange supply, nothing else can be expected at present. The path of the future will be, of course, that the central bank, leaving the foreign exchange supply up to the money market, will remove completely withdrawal from this area, interfering with the processes only in very indirect ways. On the other hand, for the time being, it has the responsibility of, and is playing a leading role in the money market's direct supervision and operation. In the course of such banking operations, the MNB will require that the banks cannot have any open positions in excess of 25 percent of their guarantee capital at the end of the day. Deposits abroad are also limited so that foreign exchange will stay in the country at a basis for the central bank's reserves. Probably, several years must pass before our foreign exchange structure becomes completely open.



### Budapest Bank President Balkan Interview

6/3, 1992, *The Budapest Herald*, Vol. 71, No. 4, 1/2, 13, 14  
in Hungarian: 19 Apr 6, 1992, 1-6

Interview with Lajos Bokros, Budapest Bank Chairman and President, by László Székely, Editor and Chief, *The Budapest Herald*—first paragraph in Vol. 71, No. 4, 1/2, 13-14, introduction:

[Text] While state affairs are hectic, Budapest Bank (BB) is creating a successful targeted reserve of 10 billion forints by early autumn all at its profit earned in 1991. Additionally, Chairman Lajos Bokros allegedly said "he" is a government request to return to the State Treasury, activities taken due to the targeted reserve, and he was willing to lend only 2.4 billion forints to the budget and for those with only last year's level. Tamas Nade, a general manager, is discussed with Bokros the reasons for doing the "hard-ship".

[Székely] Don't you think this winter or later the government is going to become kind, to see the kind of "purchasing-the-government" attitude of the head of a bank in which the state is the majority owner? It is not a self-confident because you know that in the "world-class" banks, you are not normally, otherwise, in the course of designating the leadership of certain large state banks in the near future, you will serve in the point of reference. See, last year, the state appointed an internationally recognized banking professional as Chairman and President of the BB, irrespective of his MNP (Hungarian Socialist Party) past.

[Bokros] I am not dependent on the chairman and president position of a state bank. I would not serve in death in the banking (soft) market even if I were to leave this post as a result of being forced to act contrary to my professional and moral convictions. There are no signs like this thus far, however. Katalin Bóna, previously the minister without portfolio for supervising banks and at present the head of the State Banking Supervision, never asked me to control my activities in any regard. I also agreed with Tamas Nade, the minister without portfolio in charge of banking supervision, that the accumulation of targeted reserves, as pursued by us, is the sole rational conduct also from the government's standpoint, the case is because large banks could not be sold in their present "form". It would be very hard to sell a financial institution whose combined assets and reserves amount to less than the amount of its questionable outpayments. On top, the latter will become "fired" reserves either sooner or later, when the bankruptcy law is enforced in practice, and the questionable receivables must also increase.

[Székely] At the same time, the finance minister claims that certain banks have accumulated an excessive tax-exempt targeted reserve from last year's profit, because reserves to cover questionable receivables should have been established in the course of three years in three equal installments. Your annual amount "due" would be only 1.7 billion forints. Mihály Kaga also underlines the fact that half of the so-called inferred questionable receivables from before 1987 have been guaranteed by the government.

[Bokros] The problem is that continuing reserves appear not only among certain common groups (the claim on the various institutions, the so-called "soft" assets) but also on the side of the state-owned groups (groups to represent in their long-term membership relations rather than short-term financial relations, but they will actually be required to work with a general security). We are attracted to certain financial institutions. BB is preparing for the state-owned economy. The bank must not go bankrupt, because I agreed to head up the bank with a standing to show the standards of the bank within three years as the level of international development. Financially, and bank is carrying the price of debts (paid to the market and the state) and the state. All these last agreements were institutionalized from 1987. We agreed that we intended 10 billion forints last year through the Finance Ministry, perhaps this time at only 5 billion forints. I am not sure that was the last that we received a state guarantee for interest of the total amount of pre-1987 loans in a good credit. Since then the bank has accumulated another 10 billion forints worth of questionable receivables. Not a single portion of this is due to the state. Last year we were in a manner to questionable clients and not even in cases paid as so-called third or fourth-hand clients. Moreover, BB is going to establish a property management firm in the near future because the bank is able to get rid of its failed receivables only if it helps in clients to get back on their feet. For example, by providing this firm when a state enterprise is transformed under private ownership. I do not see much sense in a private state practice pursued in the past system in which loans granted to clients were converted into banking debt. This could change the financial institution's activity, and additionally, would be of no help to clients because they need actual money.

[Székely] How is BB doing?

[Bokros] Indeed. This is why I would like to see the beginning of bank privatization this year by introducing an international audit of the bank's financial statements, for example—the first one at BB's instance—and by privatizing only the international business (outside our reserves) is sufficient for the regular operation of the bank. We could also designate a privatization adviser from this year and we could convene a special general meeting in that case there would be a chance for one or more professional investors to increase the BB's founding capital by acquiring it in the future, and this would not only attempt to a capital injection for the bank, but would also cover deposits, new investments and technological development, and what is not of less significance, a strong leadership, which enhances professional introduction even more than that which is done today.

[Székely] Are you disappointed with the present leadership of the BB?

[Bokros] That is not what I meant to say. We would need international advice while the present board is incapable in our proposals. For example, the board unanimously approved the idea of building up capital reserves even though the Finance Ministry officials and the Deputy Chairman of the State Property Agency's Board of Directors are members of the board. Similarly, the representatives of

small shareholders maintained appropriate understanding by accepting our proposal to pay an 8-percent dividend.

[Szentesi] Accordingly, Miklós Kárpai's outrage over efforts to minimize his accounts was not unfounded. But why could not the Finance Ministry, the central bank, and the commercial banks reach an agreement concerning reduced interest rates and the purchase of state securities? This would coincide with your strategy, too.

[Bokros] This has failed primarily because, despite our efforts, the Finance Ministry is not enthusiastically interested in accomplishing this. They figured out that interest rates would fall even without such an agreement. They are probably correct in believing that later on they are going to be able to attract even lower-interest-paying state securities at the banks because short of good quality mortgages we are going to be forced to purchase state securities on their terms. The central bank does not need a separate agreement on interest rates because it can go and straighten what it calculates that a relatively large volume of money, consequently left in circulation by the central bank, is going to depress the money market interest rates anyway. On top of all this, there is a certain qualitative difference even between the various banks similar as to savings is concerned. Many continue to believe in their future ability to place our funds at a high price. But these enterprises should not be given credit, even if they paid any amount of money and to have credit because these enterprises could go bankrupt the moment after they received credit. Accordingly, we will reduce interest rates at the future. But I refrain from mentioning the extent of reduction and the time of reduction because large banks lack funding sources. The one who takes the first step in cutting interest rates on deposits—this is the condition for reducing interest rates in loans—is going to run the risk of temporarily losing deposits. Eventually, commercial banks could enter into an informal "downward" competition in interest rates in which they could break their backs, just as they could compete "upward," and this could shake the faith in the banking system as a whole. This is why we really need an "agreement," the kind I have mentioned last year too, and which, I believe, has not been removed from the agenda.

[Szentesi] You have mentioned several times that, not unlike in the enterprise sector, big reorganizations will also take place in the Hungarian banking system. Banks could face financial difficulties; they could merge; they could be purchased. As a result of liberal banking rules, competition in Hungary is becoming increasingly keen by the hour, particularly at a time when the economy is stagnating and interest rates are falling. The one occupier of offsetting this with rational cost management could fail, and your bank does not even have a headquarters building. How does BB face all these challenges?

[Bokros] It is true indeed that we will be forced to build a new headquarters building, since unlike other banks BB did not receive a building free of charge from the state. We are paying a rental fee of 50 or 60 million forints annually for our present place of operations. A new headquarters building would cost more than 1 billion forints even if we did not build something like a Wunder Vapco. The BB

remains a very small cost-management puzzle, so—and this includes the chairman and president, who are not used to having teams start out on the first class all over the world, we are extremely thrifty even when buying paper and with telephone charges. Aside from the fact that this is in our own interest, I also believe that having this kind of attitude is our moral obligation.

#### Continued Use of Personal ID Numbers Discussed

K/202/94 (Budapest: HB 77/92, 10.6.1992) 15-16.  
in Hungarian 11-12, 13, 14, 15, 16

[Summary] On 9 April 1992, the Constitutional Court let original previous laws governing personal identification numbers effective the end of 1993 and told parliament to provide new rules. On 21 December 1991, the National Assembly adopted temporary rules for the census. Nothing in that law discontinued the use of personal identification numbers, instead, there was said about the legitimate use of these numbers. Despite the court's view that the legal system and the state administration as a whole could not be regarded as a unit from the standpoint of using personal identification numbers, the law authorized their use by the state administration as a whole, naming each government agency separately, including social security and the courts. Prior to the enactment of the law, the government has issued a statement of principle interpreting the court's decision, stating that since the decision did not affect, for example, the tax laws and the law on criminal procedure, "the use of personal identification numbers on the basis of these laws is not illegal." Although in the course of parliamentary maneuvering the opposition advanced that the census law adopted in December 1991, and thus the authority to use personal identification numbers, would expire on 31 June 1992, the now-pending legislative proposal would extend the use of personal identification numbers referred to as personal identification "marks" until 31 December 1995. This would allow sufficient time to convert various data bases, including tax and social security records.

The pending legislative proposal "concerning the recording of the personal data and addresses of citizens" provides for the establishment of personal identity on the basis of a passport and a driver's license. Authorities could with further documentation use if a person's address was significant from the standpoint of determining his identity—for example, when voting—because neither passports nor driver's licenses contain the holder's address. A new identification card, as called, would be introduced in 1996 and would even be handed out to people and children, similar to present practice. The proposal also provides for replacing the present State Census Bureau with a National Personal Data and Address Recording Office under the supervision of the Ministry of the Interior, to be managed locally by municipal clerks and regionally by regional offices. For recording, in part overlapping, data bases would be established (tax records, census, personal ID) and address records.

A novel feature of the new super data base will be a capacity to maintain records about Hungarian citizens residing abroad in order to enable the state to assist persons desiring to exercise their rights in Hungary, and to ensure

that these permits are equal to those resulting in Hungary according to the legislative intent accompanying the proposal. This then suggests that the government is going to "consider" Hungarian citizens resulting abroad after the law takes force. The government repeatedly stated that this would enable citizens resulting abroad to cast votes in parliamentary elections.

### Toxic Waste Remains Problem Despite Publicity

*EX 1015 (A) Budapest, NEPSZABADSAK, a Hungarian TV for V. p. 1*

[Article by Erika Kiss: "Collective Antenna in Jászberény: Hazardous Waste Still in the Ground"]

[Text] Ever since parliamentary representative Dr. Zoltan Kis laid the facts before the public, the press brought news regularly on the environmental pollution of Jászberény's Leibel Refrigeration Factory (LRF). Since 1990 NEPSZABADSAK has also published several reports on the events. But the mountains of hazardous waste are still waiting to be removed.

Now, at the request of Electromax, the Swedish owner, a new plan has been worked out by Marneth, an American firm. If everything goes well, the plan will be carried out soon. But the people living in the polluted area are hardly satisfied. Indeed, they are really angry now. They are looking for those responsible for the environmental damages, are demanding compensation, and are requesting that their wells be examined and cleared. And the bill goes to the State Property Agency (AVU).

### Seven Dump Sites

The things leading up to the events include the fact that in 1990, in part because of political pressure, LRF mapped out the locations where it illegally deposited hazardous waste for approximately 20 years. This involves an area of about 10 to 12 square kilometers west of Jászberény, where seven such dumping areas have been identified. The Zagyva River, full of life, flows by the outskirts of an environmentally protected area. An estimated 1,000 barrels containing paint sludge, solvents, and other hazardous byproducts were buried in the river's sandy bottom. Now they are beginning to uncover these. Following the privatization, the Swedes are planning to clean up the area in accordance with Western standards. They bought LRF with the stipulation that the AVU would limit the bill for repairing the environmental damages. Almost 90 million forints have already been spent so far for research and planning. Fifty-five hundred tons of gaseous sludge has been transported to Ásot.

Marneth worked out a plan for cleaning up the soil at the illegal dump sites of Sencs and Öregend. The barrels of hazardous waste dug up from the sandy burial sites will also be transported to Ásot.

Although they have been complaining about the environmental pollution for 10 years, no one really listened to the

region's residents until now. True, a voluntary control committee had been set up to cooperate with the Swedish environmental experts, but its recommendations were largely ignored. But they have recently organized a new detox forum that was attended by a Marneth representative, Swedish and Hungarian experts of LRF, the environmental authorities, a public health representative, a medical officer, Jász-Nagykun-Szolnok County officials, numerous reporters, and the involved residents.

### Drinking Water for Lack of Anything Better

Jászberény Mayor Dr. Levente Magyar reproached LRF's Hungarian executives because, in his opinion, they have not done everything they could to completely reveal all their "secrets." According to those present, there should be bills of lading and receipts to show what was shipped, when, and where. But LRF executives are showing strange symptoms of collective amnesia. For it is not certain at all that these recently uncovered seven sites are the only ones where hazardous wastes are buried. The water of Sencs's and Öregend's wells have been examined recently by public health officials. And they found everything in them except water. They contain copper, zinc, lead, cadmium, nickel, chrome, mercury, arsenic, and nitrate. The official evaluation was "Acceptable as drinking water for lack of anything better."

### Different Measurements

According to the residents, the examination of the wells indicates that hazardous waste was dumped at other locations as well. But where? LRF officials do not know of any other location. But Sencs residents identified three additional locations. They do not believe public health chief Dr. György Kádár, who was trying to prove that zinc was the only pollutant that exceeded permissible levels, and that the cause for that could have been the fact that people use zinc-coated buckets to take water from the wells and moreover, that the structure of the soil could also have been the culprit. Residents of the region are now looking for an independent laboratory to carry out further measurements. They have also asked the Swedes to have all wells—around 200—checked.

It is unlikely that this will happen, however, the Swedish environmental experts promised in an uncertain terms that they will examine the newly identified locations as well. On the other hand, LRF experts who were present at the forum emphasized that they are observing the laws—which were made after the hazardous waste had been deposited. And they have been "cleaning up" diligently both within and without the plant since 1990. They have done everything they could in the interest of protecting the environment.

### Action of Collecting Signatures

Those present found all this inadequate. It was said that those responsible for the damages must be sought out, for what happened at Jászberény's outskirts was criminal. Yet the issue of compensation was brought up. Their real estate properties are now of lesser value and on one basis there

product at the market, for the plants soak up the water-soluble pollutants. Not to mention that the previous regime held back information from them. They were thus completely unaware that by pouring out the contents of one or two dug-up barrels, they themselves also caused damage. They used the barrels for collecting mash and for distilling brandy, endangering their own health.

The Swedes would like at least to begin cleaning the soil. But, for the time being, no one knows when they plan to do this. Owners of small gardens in Neszur have begun collecting signatures. They would like to have the dump site designated by the Swedish and American experts—where the less-polluted soil would be taken—moved elsewhere.

### New Measures, Internal Policing of Customs

92EP00884 Warsaw RYNEK ZAGRANICZNE in Polish No 49 23 Apr 92 p 7

[Article by GUK "Customs Inspectorate—For Smugglers and Customs Officers"]

[Text] In addition to fiscal and building police, we will have customs police, most probably at the beginning of 1993. The idea of creating a Customs Inspectorate originated as early as last year. The reason is the necessity of tightening the borders.

"Certainly, the new customs law, which has already been in effect for over a year and a half, expands the possibilities of the customs officers in the matter of inspection, but it turns out that it is not enough. The written laws exist, but there is a lack of implementers," says the press agent of the Head Office of Tariffs (GUC), Krystyna Urbanska. The Polish customs inspectorate will be modeled on similar institutions operating in the West, mainly German and French.

#### Structure

In the beginning, a General Customs Inspectorate will be created, with its seat in Warsaw. It will be headed by a general inspector, elected at the motion of the GUC president by the Council of Ministers. Besides the "head" in the person of the GUC president, the newly elected structure will not have anything in common with the current customs services. The target number of customs inspectors working all over the country is 1,500 persons.

For the present, it is planned to create eight centers in Poland. Where is still unknown. However, it will certainly not be in localities where any customs officers or stations are working and operating.

As we have learned at the GUC, two goals are the guiding principle for this idea:

- Expansion, constantly too small a network of customs administration in general.
- Elimination of all ties between the current structure and the inspectors.

#### The Field and Area of Operation

The new customs law allowed for exaction of a fee for two years after goods are imported to the country; the activity of the customs inspectorate will be aimed mainly in this direction. Currently, the customs officers seldom use this clause, and for very prosaic reasons, such as lack of personnel and resources.

Although, generally speaking, the idea of the customs inspectorate is to tighten the borders, one can also expect that its work will solve two basic problems. This will be, first, renewed inspection of economic subjects within the country—and the inspectors will concentrate on this. In addition, it is hoped at GUC, that the number of crimes committed will be reduced by the very consciousness of the fact that, even if one succeeds in outsmarting the customs officer at the border (by bribing or deceiving, lowering the customs value of the goods on the invoice, etc.), then he will still likely be caught in two years.

"It is no secret," says Krystyna Urbanska, "that the prospect of prolonged fear of bearing the consequences discourages one from abuse. In addition, the customs inspectors will be able—and will certainly not give up this right—to verify the correctness of their own customs officers' actions. If we take the fact that, in 1991, 140 customs officers were fined for abuses themselves, then the inspectors here are the very bees around. Similarly, in the case of dishonest tradersmen, also prone to bribery of customs officers, they will not be able to sleep soundly. The fact that their 'overweight' may be detected at any moment and they themselves punished, certainly motivates them to more honest and upright work."

The basic field of operation of the inspectorate will be the country. Although so much is said about smuggling, the GUC considers that the main losses for the budget, and thus the largest field to abuse, is the lowering of the customs value on invoices. And if the customs officers theoretically have the right to question the invoices, then the practically existing procedure deters even the most persistent.

The strategy of the inspectorate's operation is based on the fact that, in connection with the changing situation (the systematic reduction of tariffs), it is high time that customs officers concentrated on the quality of the performed work. Then if fraud is even more rarely detected, success will be achieved, because suitable control will bring increased returns to the budget from the paid duty.

#### When To Attack?

For the present, restructuring has begun in the GUC itself. The Department of Customs Control was eliminated, and from it a group of 10 people was assigned, which is the origin of the GIC. These are the so-called operational services.

At present, there are two basic problems—the financial resources necessary for creating the inspectorate, and the forcing of essential improvements in legislation, which will allow the unimpeded activity of future inspectors. The arguments of the GUC, that investment in the form of the inspectorate will be returned rapidly, seem convincing.

The first goal of inspection, aside from detection of lowered invoices, will be disclosure of false clearance documents. In addition, this concerns the elimination on the roads of vehicles with western registration, which are owned by Poles who are permanent residents of Poland, and of, as it is designated, the "mafia" sale of either stolen or smuggled vehicles. In association with this, certain changes in the highway code are necessary. For example, it must have a regulation authorizing the customs inspector to inspect cars on the roads without the assistance of the police.

The next step is to introduce improvements in the customs law. There should be no problems expected here, because it will be pure "cosmetics." It is known, however, that inspectors from the operational group will be delegated for the first inspections before the end of the year.

Speculations from different areas—accounting, law, economics, and finance (in addition, a university education and fluency in a foreign language are required)—will be employed as inspectors. It should be expected that they will



soon appear in selected plants, warehouses, and even apartment buildings (the latter with the approval of an attorney).

If the inspected person is not able to document the origins of a commodity (present a certificate or clearance paper), then this commodity will be confiscated, and a procedure, provided for in the penal fiscal law, will be commenced against the owner (the highest penalty is currently 500 million zlotys).

By reason of their performed tasks, the customs inspectors will exercise greater authority than customs officers. Close cooperation between the police, fiscal police, and customs inspectors is provided for.

### Defense Industry Restructuring Proposal Outlined

*WJEPOLSK Warsaw RZECZPOSPOLITA (ECONOMY AND LAB supplement) in Polish 21 Apr 92 p 11*

[Article by Antoni Kowalik "Defense Industry Under State Supervision: Ministers Propose Six Holding Companies"]

[Vozd] First of all the defense industry should adapt to the conditions of a market economy, in order then to become effective economically and technologically and, therefore, a competitive weapons supplier to meet both the national requirements and the needs of foreign trade.

These are the general targets of the program the Ministry of Industry and Trade has developed. The restructuring the branch. The ministry is creating industrial policy for the branch as part of the country's defense activity. There is emphasis on the strategic significance of this problem stemming from the need to maintain some sort of production capacity during peacetime as well as when threats mount.

This is with the basic hypothesis of the restructuring program being prepared is the assumption that the domestic defense industry should furnish the armed forces with the necessary weapons and equipment to conduct conventional warfare. In this connection, the state should take special pains to protect certain strategic production potentials.

The basic goals that have been written into the program are the following:

Reducing production capacity to the state's economic possibilities and trends, focusing specialized production in certain industrial branches and enterprises, converting the remaining capacity to free market production, changing the structure of the arms industry, and basing the operating principles of the economic units on the economic rules of a market economy.

Depending on the type of goods produced and the technology of production, there is a proposal to create holding companies linked through capital and cooperation. The program proposes to divide the 17 existing industrial branches of special goods into three groups of enterprises.

The first group would encompass between 10 and 20 plants of strategic significance. They would create four holding companies, classic enterprises, museums, centers, and

research materials, radar, and electronics and optical systems. These companies would function as a one party company, the State Treasury being a 100-percent shareholder.

It has been proposed to reorganize these companies extremely quickly.

The second group would include about 15 companies operating as stock companies, with the State Treasury as the controlling shareholder. Two holding companies would be created, an aircraft one and an armored vehicle one. The Northern Shipyard in Gdansk would also be included.

The third group would consist of government firms, stock companies and private firms operating on the basis of a free market economy. Among other things, they would be competitive holding and engage in specialized production, for example, in certain branches such as the following: super-engineering, astronautics, aircraft, construction, tests, and supply.

This program is to be carried out in three phases. The first, which has already been accomplished, consists of diagnosing the industry and working out the paths for the restructuring. Next, business plans would be developed for the various groups of companies, and in the final stage these plans should be quickly implemented.

The basic condition for carrying out this plan, of course, is having the Council of Ministers approve it and make the appropriate decisions concerning it. Alongside this, the ministry documents mentions the conditions, such as ensuring to a bank or banking consortium the responsibility for complex services for the defense industry and organizing specific sums to finance a material plan to buy weapons and equipment this year and to pay for projects completed but not delivered yet to Yugoslavia and Iraq.

The documents also talks about the need to monitor a negative export list, about undertaking negotiations immediately concerning the redistribution of assets that formerly were part of the USSR and possible trade with these countries this year, about converting from dual imported components to be used in final production designated for national needs, and about creating a State Treasury Asset Agency which would be charged with managing these assets.

The Agency for the Development of Industry is expected to direct the restructuring of the defense industry, under the supervision and inspiration of the Agency (Department of the Ministry of Industry and Trade). The government decisions, in the course of the restructuring process, ought to be made through the Defense Industry Council, which includes all concerned departments.

### Progress of Negotiations With EFTA Reviewed

*WJEPOLSK Warsaw RZECZPOSPOLITA (ECONOMY AND LAB supplement) in Polish 21 Apr 92 p 1*

[Article by Danuta Wawrzyniak "Vanguard Free Trade Negotiations: Problems With Agriculture"]

[Text] The Czechs and Slovaks have already signed a multilateral agreement with the EFTA (European Free Trade Association) countries (Norway, Sweden, Switzerland, Finland, Iceland, and Austria). It will be difficult for them to make far more difficult bilateral agreements with each of the member countries separately. Poland had planned for a temporary agreement's purely one effect back at the beginning of the year, but now our negotiators are convinced that the talks must still continue. Hungary is in the same situation. Both the Poles and the Hungarians are of the opinion that it is worthwhile to take longer to negotiate so that the agreement will be no worse than the one they managed to reach with the EEC. Agriculture is the key to the agreement.

The negotiations are not like last year's marathon with the EEC, because the EFTA has no common supranational machinery to impose its conditions, as it were. In this organization, every country speaks for itself, and there is no question of exercising any sort of pressure.

Switzerland, Austria, and Sweden are the most difficult partners in the group. It is not easy talking to the Norwegians either. They use all available defenses to block our meat exports. There are so many phytosanitary restrictions that hardly any of the EEC countries can meet them, but the reason the countries introduced them was not so much their excessive concern over the health of their citizens as concern for the healthy financial condition of their farmers. The reason the average Norwegian pays so much for food is that it costs the Norwegian farmer so much to produce it, perhaps because of the climate. Everything exported to Norway is subject to a discretionary system of permits. It is an exceptionally closed market.

The Swedes too have a whole lot of organizations motivated by the country's traditions, and in practice they do not make preferential concessions. If the negotiations concern some concrete product, then the Swedes must have special ration rates for all similar goods imported from other countries as well. There are no exceptions, and this fact makes the Swedes exceptionally difficult partners.

Iceland, on the other hand, defends itself from access to foreign agriculture because its market is simply too small. Talks are in progress with the Swedes, but there comes a set on each one.

Fish exports cause us the greatest difficulties. The Austrians and Swedes have nothing against our having a greater share in marine fish deliveries, because they themselves do not do much fishing. The Norwegians and Swedes, on the other hand, would see no problem if we wanted to sell the EFTA meat supply. As a result, there are problems with both the former and the latter. Some of our partners in the negotiations are anxious to see Polish processed agricultural products, but they get very interested in access to our market. Tomasz Jaskolski, one of our negotiators, says that the agricultural conditions weigh heavily on talks with the EFTA and that we should really not expect optimistic information soon.

Our trade with the Finns is another question, because the tariff on trade is now, owing to the E.O.V.N.B. agreement, at

effect substantially smaller between Poland and Finland. This is the reason there is so much Finnish butter for example on our market. If we sign an agreement with the EFTA, E.O.V.N.B. will automatically cease to be in force. E.O.V.N.B. after all, was better for us at one time. At that time the Finns guaranteed that a country with a centrally planned economy and subsidized agriculture and industry would take advantage of easier access to their free market. Now our producers are protesting, because the Finnish free market is far better organized than ours.

All this goes to show that before we actually sign an agreement with the EFTA and it begins full operation, Austria, Sweden, and Finland will enter the EEC, and all sorts of mutual circumstances will begin to change, and soon each other out. Then most of the problems that today seem insurmountable will cease to exist of their own accord. Our affiliation with the EEC is based on stable principles, and the road stages are clear and simple to predict.

### European 'New' Found To Be in Draft Stage

GŁOSNICA Warsaw GAZETA PRZEMISŁOWA 1  
HANDLOWA in Polish No. 15.04. 17.20 Apr 92: 4

[Unattributed article: "New European Draft"]

[Text] The activity of the regime of Antonio Costa co-ordinating bordering on the GdR and Czechoslovakia is already entering the stage of concrete discussion on programs of action under the auspices of what is called the "New European." For example, the Czech side is concerned in early years has from the Tarso electric plants to heat towns located near the border.

In Litoměř and Blatná, construction is beginning on a wastewater treatment plant that will help improve the environment on both sides of the border.

The German side is planning to open an international training institute in Zittau town near Pargitzsch, and exclude scientists and college students from Litoměř, Czech and Litoměř.

The New European council and board have operating arrangements calling for the development of their own financing as well as their own proposals for opening up new border crossing points.

### French-Polish Chamber of Trade Described

GŁOSNICA Warsaw GAZETA PRZEMISŁOWA 1  
HANDLOWA in Polish No. 15.04. 17.20 Apr 92: 3

[Interview with Jean Zarnicki, president of the French-Polish Chamber of Trade, by A.L. place and date not given: "French-Polish Chamber of Trade"]

[Text] The French-Polish Chamber of Trade and Industry came into being in April 1988 at the behest of the Association for the Promotion of French-Polish Economic Cooperation. A formal charter of January 1989 confirmed its existence. The chamber's headquarters are in Paris. Jean Zarnicki is the chairman and founder of the chamber.



Zarucki: Our activity is largely promotion and information. In terms of information, the chamber publishes a monthly bulletin, and we are planning to publish a directory of firms. We also have contacts with the French chambers of trade and industry. Because of these contacts we are setting up meetings of French companies. We also disseminate information about the possibilities for economic cooperation with Poland and encourage investment this way. We already have more than 40 chamber members, and we provide them with the appropriate service through our office in Warsaw. At the moment we have 47 Polish members. This may even be the largest chamber with French participation.

(A.L.) What do you consider to be the chamber's greatest achievement?

Zarucki: Chiefly the fact that in a short time more than 400 firms have made contact with our chamber. We are stressed over Polish contacts with Soviet. We think that the presence of Varso in the Polish market will be a considerable success. We have a high opinion of the chamber's publishing activity. I think that we should consider the cooperation of firms on both sides to be a great success, because we are not sure for ourselves, after all, but for the companies.

(A.L.) People often say that there is no real cooperation between French companies or institutions. People say that the French are individualists. Is that true?

Zarucki: The French really hold on to their privileges, and it is true that there is no cooperation like that in Germany or Belgium. Many entrepreneurs are a little like great ladies, but they should not treat them into isolation.

(A.L.) How do you rate the extent to which the credit possibilities have been explored in Polish-French ventures?

Zarucki: There is great interest, but credit is rather difficult to obtain, owing to the serious with which credit applications are reviewed. Moreover, Polish intermediary banks set up many barriers to granting credit. They are very nervous. A great portion of the credit has still not been used, but I think that more companies should go to use it. Finding solid French partners and preparing credit applications better would make things easier for Polish firms.

(A.L.) The chamber's bulletin has information about legal matters. What is that all about?

Zarucki: We send chamber members complete information about the Polish legal system and conditions for entering into ventures. We also act as intermediaries in establishing contacts with consulting firms. I never represent the interest that we do so.

This help is useful, because of certain unclear aspects of Polish law concerning the purchase of property. For example, and therefore difficulties with buying real estate. This also concerns laws in which the trade tribunals should intervene, or where there are delays.

(A.L.) The chamber's bulletin also emphasizes the role of contacts with companies besides those in Paris. Is it not already in talking about other sort of Polish promotion somewhere other than Paris?

Zarucki: We were often asked, among entrepreneurs from other cities, and it is true that we can get great interest. We are trying to get as much information as possible in our bulletin, so that they can come into contact with Polish reality. There are already many requests that are especially concerned in cooperation with Poland. Last, Marcellin, Remy, Strassburg. On the other hand, the National Chamber of Commerce is trying to get our organizational support to promote Poland on the French market.

### Turnover of Rural Real Estate Expected

CEPEDES Warsaw 8/21 JPMS/PL/1  
ECONOMY AND LAW supplement to Paris  
16.21 Apr 92 p. 10

(Article by Edmond Saut. As the Farm Property Agency People Understand the Value of Time.)

[Paris] The State Treasury's Farm Ownership Agency (ANF) was created a little too late, on the one hand, and a little too early, on the other (for example, with regard to the organization itself). Intensive organizational work has been going on from the very beginning.

Directors and their deputies have already been named for all 14 local branches of the agency. The stage of internal training has also come to an end. A book of procedures for taking over state farms has been developed. For the moment, there are 50 of these procedures, and there may be still more later. Work has begun on putting in order the questions relating to lands that form part of the State (Agricultural) Land Fund (PVZ). This past February, agency chairman Adam Tardus asked all the mayors and village leaders whether they would agree on behalf of the ANF to sell or lease PVZ land after its transfer to the State Treasury's Agricultural Land Fund. As might have been expected, in the divided majority of cases, the answer was "yes." Now the town and village leaders have documents authorizing them to sell or lease these lands. Upon instructions from the agency, the parishes (communes) are taking on the obligation of selling land as of 30 September of this year. They will receive 7 percent of the sales price as a contribution on the sale and will be reimbursed for the costs of drafting the surveying and geodetic documentation, setting up the sale and so on.

Farms and lands destined for formation are excluded from these sales, along with land designated for agricultural and industrial purposes in local regional planning. (They have not yet been transferred to the parishes or "communes.") Of course, the funds from the sales are to be transferred to the agency's account (or the Fund Industry Bank).

During the past few days, the ANF has received many applications to have property returned. Many of these applications are not supported with any documentation at all. For example, a man writes that he is asking to have his property or lands sold returned to him and that, similar to his

remains, he had about 170 hectares. The Ministry of Ownership Transformation estimates that under the new piece of legislation the state land to be returned could amount to about 1.4 million hectares, a figure that seems to be greatly inflated. One way or the other, there will be a brisk traffic in land turnover during the next few years. In

this connection, we will have to take another look at the issue of land consolidation. It does not seem as though we can avoid updating the land amalgamation law that was created under different sociopolitical conditions, when the chief motivation behind its regulations was not the same as

### Culture Ministry Official Criticizes Clay Memo

ANASTASIE D. BUCUREȘTI, ROMANIA, 1 APRIL 1992  
in Romanian, 17 May 1992

Article by leader Bănuțiu, legal secretary to the Minister of Culture, "The Right is Dangerous"

[Text] In connection with certain recent events and two notes issued by the Minister of the Republic I want to bring to the knowledge of the public my protest against the abusive manner in which Mr. Christopher Clary, a discharging the authority provided in law. In fact, at a meeting held at 11:30 AM on 31 April, I communicated the following observations and objections to Mr. Clary along with the intention to publicly express my disagreement with the measures in question. These are the facts:

1. On 28 April the Minister of the Republic requested a meeting scheduled to be held at the initiative of MRDNE (Organization of Young Democrats in Romania) in Romania or Romania (COTNR) in cooperation with FIDESZ (Organization of Young Democrats in Hungary) and with the participation of Church groups. The meeting's agenda contained no issues of local administration. The main point was the term "self-government" (published in English) used in the meeting agenda, which in Romanian means self-government. However, since art. 1 of the Constitution provides that Romania is an "independent, united, and indivisible state," the meeting in question was viewed as opposed to the Constitution and thus subject to cancellation.

In my opinion, to the extent to which the Minister of the Republic committed these abuses:

- a. He used a verbatim confusion as proof for an argument. The text of the program of the first Church groups unanimously stated that the subject of the meeting was exclusively devoted to issues of local administration in the light of 71 years of experience in their country.
- b. He used a mere assumption as a proof, assuming that the meeting in question was indeed devoted to discussing the term "self-government" in a broad sense (also in a regional sense) and representative measures, including legal acts against those involved, could be taken only after such discussions took place, when they would have been the only valid grounds of the administrative nature of the meeting.
- c. He showed the letter of the Constitution against to spirit. Romania's first postcommunist Constitution was adopted in unison, in a spirit of democratic openness, the rights and freedoms without which a law-governed state and Romania's integration in Europe are inconceivable. However, evading the Constitution and the country's laws and in support of the free exercise of the rights then incorporated, but for the purpose of curtailing or lifting them is a typically communist and totalitarian practice. The intent in such practices does not mean, in the name of the Republic (which, according to the law, has no ruling above, resistance and undermining).

In the protest published in TRIBUNA (1 APRIL 1992) 1/1 April 1992, the Church groups stated among other things: "The Church group wants to express its indignation about what occurred today. In our opinion, the purpose of our

coming here was to promote such a thing, and Communism guarantees the freedom of expression and freedom of gathering. We wanted to affirm the Romanian democratic spirit from the National Assembly's understanding in practice local democracy. We regret that we did not have an opportunity to speak freely here."

2. On 31 April Mr. Clary submitted to the Clay-Saguna 1 to 10 that the representatives of the local branch of the same Foundation for an Open Society, which was holding a meeting between members of the various national branches of the Foundation and its representatives in Cluj-Napoca, Bucharest, and New York. The purpose of this informal meeting, which did not have any kind of legal agenda, was simply to facilitate direct contact between Foundation members in various locations who are organizing around achieving joint programs of the areas of activity of the Foundation. On the ground that by so doing, the Foundation prohibited itself to be for an "open society," the Minister of the Republic made the organization of the meeting conditional upon the participants' agreement to hold it in the presence of representatives of the state media and of other cultural organizations. In the end, the organizers accepted the conditions imposed in order to not compromise the planned meeting, but that the "it is necessary change their activities and administrative nature. In fact, Mr. Clary (Saguna) violated the acting autonomy of the association, society, or foundation by deliberately confusing between their autonomy (pledge to respect the laws of the country and the right of administrative authorities to exercise this pledge) and the right to set conditions for their free operation."

3. The legal grounds on which Mr. Clary justified his actions was Order No. 296 of 28 April 1992 issued by the Minister of the Republic, which stated, among other things:

"Art. 1.—As of 29 April 1992, all conferences, congresses, and other similar public events organized on the territory of the Municipality of Cluj-Napoca will be declared as the 1 to 10 that:

"Art. 2.—The organizers of such public events will file a written statement with the 1 to 10 that at least three days prior to the event, in which they will state the name under which the organizer is known, the purpose, place, date, and time of the meeting, the duration of the event, and the participants."

"Art. 3.—Public events designed to propagate ideas opposed to the principles enshrined in Romania's Constitution are forbidden."

The above order is unconstitutional because, under the false pretext of safeguarding the principles of the Constitution, it does nothing but curtail and conditions the exercise of the rights enshrined in the country's fundamental law. When an administrative authority arrogates the right to decide whether, judging by its name, a conference or a congress is or is not in keeping with the "principles of the Constitution" and on the basis of such an examination to allow or forbid it, this violates the very basic principle of the effect of democracy. Each person's freedom of thought and expression. Regarding the Constitution is an obligation for

article, including the obligation of collaboration and cooperation, but considering the obligation as an administrative rather—especially in the case of art, culture and education—rather than a right in these and other fields, such a differentiation and amendment.

A final article in an ordered Order published on 22.1.1992, OR 113/2 of 21 April 1992, the Order issued "public advertising regulations" in which to protect our "communications, commercial advertisements and any other communications will be made in the official state language, Romanian."

I find this decision unacceptable both in law with the principle governing the action of the Ministry of Culture and especially of its institutions, and in law with the constitutional rights regarding the preservation and use of the cultural identity of the national minorities. In the order the Mayor of Cluj-Napoca evidently violated the constitution which he interprets incorrectly. During these months the attitude of his Democratic Council governed by the principle that "nothing that is not specifically forbidden is allowed." Consequently, aside from the fact that he ignored explicit constitutional provisions regarding the use of the Romanian mother tongue, Mr. Poni also made the mistake of giving a restrictive interpretation to the country's law in the sense of the principle that "nothing that is not specifically permitted is forbidden," a principle of typically communist and totalitarian origin.

In a known Cluj-Napoca is home to two prominent cultural institutions of the Hungarian minority: the State Theatre and the Hungarian Library, which in fact will mark their bicentennial anniversary in December. It is unacceptable that both these and other cultural institutions (popular associations, scientific societies, etc.) should not have a right to announce their programs to the public in the Hungarian language too.

I want to appeal to the police of Cluj County to carry out the mandate intended to turn the enforcing observation of the constitution and the law by guaranteeing the fundamental civil rights. I further stress concerned that violating the constitution or the law for the purpose of curtailing rights and freedoms comes from a profoundly antidemocratic concept and ignores the role of the establishment of constitutional practices.

### **Congress, Former PNL Members in Bulgarian**

CLUJ-NAPOCA, 14th March 1992 (APR 16 in Romanian)  
(1 May 83 at 1.)

(Article by Florin Dragomir and Ion M. Ionescu - "The National Liberal Party Values its Remigration")

[Since] I want to both friends and foes as the most powerful force in the Democratic Unionism (UD), the PNL (National Liberal Party) recently ran into a wave of problems arising from its own ranks. The decision of the liberal leadership to pull out of the UD also generated a strong of resignation by deputies and senators from the respective parliamentary groups, considering that in line with our political preferences, brought about the present paradoxical

situation in which the PNL, a government party, has been left without a parliamentary group in the Senate. I wrote that the situation is not too good in the long run: Numerous meetings between the liberal leadership and counter organizations along in the former's membership is hard to "live" accepted, hard to dig a pit. There is a rumor that Florin Dragomir has qualified residence in the country as possible leader of the Democrats.

aside from the familiar arguments cited by the liberal side in favor of its position, the key in question—and, despite this, turning the current's great risks concerning them to—has been made more with an eye to the weakness of voters confused and oppressed by the split in the PSD (National Salvation Front) and the continued deterioration of the socio-economic situation. With an intelligent electoral campaign, the PNL could pick them up off the streets in case of success, the party can gain a very powerful position in the future legislative arena and as many cabinet seats as possible, but in case of failure, "No more votes" trend.

In later understood aspects concerning the negotiations taking place in the PNL, we asked both parliamentary members who resigned and party chairman Radu Ciampanta for additional details.

**Ion I. Ionescu, member for PNL and vice secretary of the Ministry of Education and Science in PNL, Ion I. Ion I. Ionescu, member for PNL**

"The cause for my resignation from the PNL was the substantial difference that appeared between my conception and that of the party leadership regarding the party's participation in the UD as a form of unification of the private opposition. I viewed and continue to view the PNL as a major party, but I perceived in my own way against what I saw as a political strategy totally inadequate for the time, a strategy that may place the opposition in a difficult corner or add to its difficulties. My position was well-informed with the choice of a great number of party members, almost all of the PNLers (though an in favor of the PNL), starting with the constitution, and from what I have learned, a similar atmosphere is prevailing in other counties too.

"Personally, I cannot support a movement designed to break the unity of the opposition. I do not place party doctrine but the national interest in the forefront, and this interest is the democratization of the country. That is the political objective. The differences of opinion among the various democratic parties are not important at the time. However, since the reasons claimed by the PNL leadership do not match the position I adopted.

"As for the liberal participation in the government, I believe that it was beneficial that it provided additional balance and compromise and that the liberal members fulfilled their duties. The PNL is a party with a very great potential and that is why I think that leaving the UD convention was a major mistake. I was pushed to have to make the gesture I made, but I do not regret it and I uphold my position.

**Ian Sava, member for Sibiu I Hope Not To Find Out  
That I Was Chased From the Party**

I resigned because of the position taken by the party leadership about continuing the CD alliance. This is a serious political moment and the leadership should have placed the national interests above everything and made the different commitments in order to maintain the coalition. I did not like the political conduct of the permanent delegation, the discussions centered on the government among the CD members instead of dwelling on the need to go to the elections together.

Nevertheless, I think some bridges are still left to ensure the unity of the opposition. It can be said that without personal ambitions and goals I think that the local autonomy granted to county organizations or those whether to participate in the coalition or not was a political gesture of unity relative effectiveness.

The Sibiu County our supporters wanted us to stay in the CD. We have the experience of the local elections, where we ran alone and won only 13 percent of the votes.

To be as I am concerned, I still view myself as a liberal. I am still a party member, and I hope not to find out from other sources that my membership was withdrawn.

**Olivia Puiu, Deputy for District No. 1, Bucharest: A  
Fresh Tataruana Defection**

No decision to leave the PNL after over 40 years of activity was based on two reasons. The liberal participation in the government without knowing their position to change certain structures in the economy and the administration, and splitting away from the CD. In today's situation, when the parties are still weak, the lowest common denominator would be around a national common platform, which is precisely what the CD had done.

I have not changed my political concepts. I am still a liberal, but I have broken away from the party leadership, which I think is following the Tataruana line.

As an adult I experienced Tataruana's split in 1976 followed by his shift to Ceau's National Salvation Front, after the war there was another Tataruana defection, where he joined the Bloc of Democratic Parties under communist rule. At the time however it was a splinter that led away while the rank continued standing. I think that now the PNL is following the Tataruana line and is drifting away from the liberal principles. I think that my position is shared by the large majority of liberal supporters in District No. 1.

**Dan Nalae, an independent member Sibiu County Assembly  
Point 8**

I was never a PNL member, only a member of the Association of Former Political Prisoners, and I ran on the PNL, but as an independent. The main reason for my withdrawal from the parliamentary group was the the PNL pulled out of the CD. I viewed the Convention as a means of struggling against the old structures and I thought it was a genuine form of democratic opposition. Another reason was that when I suggested that Point 8 of the Tataruana Declaration be included in the electoral list, some of the members

of the liberal group supported me. Moreover, I was contacted by Mr. Caramitru who I thought was liberal and politically disinterested to support me because this point was part of the opposition program. My position then was against a distancing from the liberal doctrine and I think that in the future, if I am accepted, I will contribute on the CD list.

**Bodo Campagna, The Chairman of the PNL Was Not  
Elected**

(AGREY Q11.) What do you think about the negotiations from the liberal parliamentary group announced by Senator Ioan Nalae, Mircea I. Ionescu, and Emil Tichau?

Campagna: Mr. Ioan Nalae was an independent who found a spot on our list. As for Mr. Caramitru, I talked to him and on the very afternoon when he announced his resignation, he attended a meeting of the group and promised to come under his demand, which was taken in the wake of a small incident he had with Senator Ioan. Mr. Emil Tichau said he was leaving with the leadership leaders of the party, but that he was going to continue working in the Professor organization. A few days ago he already attended a county meeting, along with Mr. Caramitru, where the elections were discussed together with the CD.

(AGREY Q12.) What is the situation in the field?

Campagna: The party's permanent delegation decided to prepare an initial understanding with the historical parties, but we granted autonomy to the county organizations to make their own choice. Of course, each one will discuss the alliance chosen with the party leadership. As a matter of fact, this is a principle of long standing. The fact that some organizations want to stay with the Convention does not affect the existence of the PNL as a whole. For example, the regional organization published a note in a newspaper stating that it was going to run in the elections with the Convention, but that that committee did not neglect discipline.

(AGREY Q13.) If it were possible the PNL organizations will want to run with the CD or which the CD (the Committee Union of Hungarians in Romania—or Hungarian ROMER) belongs, will you permit it?

Campagna: For the time being I cannot answer this question. We will see and we will discuss each case separately. Our split from the CD was caused by the fact that the CD was running in the elections with it. For the moment there is only one case where such a possibility was never raised: Tataruana.

**Journalists Discuss Rules on Secretive Information**

**Martina Cires Blackout**

(AGREY Q14) Bucharest, 27 May 1990  
15/11 May 87 p. 12

Distributed statement with Florin-Catalin Murarescu, newspaper for ROMANIA (REDA), plain and clear not given: "I Did Not Have the Courage To Refuse To Collaborate."

(Text) (17) What did you tell us about the functioning of your list?



[Marinica] These fragments of film were released at a time when Magaryanu was at great difficulty. Consequently he needed a major document. It is perfectly true that I signed that pledge in 1975, when I was working for the Internal Affairs Directorate (Directorate of the Ministry of Transport) etc. But I do not recall signing a pledge that read like the one which was published. My memory may be misleading me, because it has been 17 years since then, but I do not think so and I would like to see the pledge in the original just as I would like the film to be disclosed in its entirety. Because I never practiced political reforming, I did not have any colleague. The information that was requested of me concerned financial activities or deals which I later learned the Securitate staff was sponsoring. I do not know whether now they would find it interesting to publish what I then wrote, for example about the poor Romanian-Magaryanu failing association or about the responsibility of implementing the removal of democratic independence guidelines caused by Communism. However, what I cannot deny is the date of my signature at the time. I allowed myself to be governed by fear and cowardice at that point and I did not have the courage to refuse to collaborate. I gave it to Haderthal, although later I realized that I could not have done it.

[117] What kind of Haderthal was it and who was speaking of?

[Marinica] The person who kept threatening me was a Securitate official who currently is a colonel with the MI [Romanian Intelligence Service], the lieutenant that I would be losing my job something very much closer to a man frightened with the "son" of his brother.

[118] You were what was known as "a trait with a bad lip."

[Marinica] Yes, a trait with a bad lip: a trait who all his life had to appear to be with false declarations in order to hold his position, just which composed nothing otherwise.

[119] Why did you have to have a pseudonym?

[Marinica] Because of the need to keep a trait under the pressure of a superior agent. You were warned not to reveal anything, because that could have very serious consequences. It felt I had no choice to disclose to the Securitate, considering that to trust, as "undercover officers," were placed in all the key posts of the Romanian institutions, all the information and all the documents passed through their hands. What we were requested to do would have been to serve to the Securitate. It was only the need to involve the individual into a kind of complicity, and to make him feel guilty. Because what happened to me happened to hundreds of thousands of people, who today like them, can at any time fall victims to Haderthal, once the disclosure of such things is still the prerogative of an institution which has taken to a "democratic face" but is in fact the full successor of the Securitate.

[120] Was the interest in question concerning you at the institution where you worked?

[Marinica] No, I was summoned to a room, room at the Interior Ministry, in the building that burned down in

1944 later. From there I was told, very kindly, there is an increasingly hard and threatening tone that if I did not agree I would lose to regret it for the rest of my life. I indeed regret that I agreed.

[121] How did your collaboration with the Securitate proceed in time?

[Marinica] I tried to break away as much as I could, so that at a certain point I became totally uncomfortable in the Securitate and so I eventually found out. I was assigned the descriptive "work." My lack of trust was also demonstrated by the fact that in 1982 I was fired from the Food Industry Department. In 1984 I was once again put on the list of those who were to be fired from the Eastern Central, where I was working at the time. They would follow me whenever you were because of that pledge. The proof is that at the beginning of 1985 I transferred to the Commercial Section of the Union of Peasants, Women and in June 1985 I once again found myself expelled with a criminal as different one, because each institution had its guardian angel. The interest requested that I resume my collaboration with the Securitate I did not, and that was the last meeting I had with a Securitate officer. That was in June 1985. I do not think that they created any institution that was not under Securitate control. Let us not discuss variations, because the leading role of the Securitate in the Romanian state was regulated in 1977, under Law No. 73 regarding the state sector which however much it may surprise you, is still today in effect. This is the reason that even once in a while you find out that collaboration were not requested at some places. These kind services are still in operation on the pattern of those years.

[122] Do you think that there were people who refused to collaborate with the Securitate?

[Marinica] I am positive that there were.

[123] You said that you did not provide information about your colleagues in those reports. Was that not important of you?

[Marinica] Yes, I was asked for political orientation such as: "Does he belong to Radio Free Europe?" Does he comment on Free Europe? What does he say about the miners' strike of 1987? I did not agree to comply with such requests.

[124] How frequent were your meetings?

[Marinica] I cannot remember very precisely, but at any rate they became increasingly rare. Almost two or three letters a year. I always pretended to be there, not to have time, and so forth.

[125] There were no attempts to make disclosed film does that mean that you were not paid?

[Marinica] I never received any kind of material advantages.

[126] I want to go back to your pseudonym. Did the colonel who used to threaten you also sign you?

[Marinica] You could even be certain of the names of Securitate people, because two informants that introduced themselves under various aliases.

[127] Did you have a feeling of belonging to the institution of the Securitate?

[Mărculeasa] I did not for one moment feel that I belonged to that institution. That is the reason that in December 1989, feeling completely overwhelmed, I took the road that I did.

[128] Did you not think at the time that you should reveal this?

[Mărculeasa] At whatever time this had come out it would have aroused the greatest suspicions which would have been overcome only with the greatest difficulty. There is always suspicion. Besides, I did not in any way feel that I owed anything to that institution called Securitate. I had no reason to mourn it. The fact that what was circulated by means of anonymous counters was not a whole file (as was written) but disparate pages, shows that the Securitate is still today, in 1992, trying to blackmail me, just as it did in 1975. While at the time I did not have the strength to resist the blackmail, today I do.

[129] Can it be proven that Magareanu was the one who released the files?

[Mărculeasa] Magareanu is denying it, as usual. Magareanu never knows anything, but he was the one who publicly threatened the Parliament and the press with these terrible Securitate files. This is bare blackmail and I hope that the press at least will know how to handle it.

[130] So what do you think, should the files be released or not?

[Mărculeasa] The files must be released. This operation of cleansing the past must be carried out, all the more so since for the time being we do not live in a democracy. For the time being we still live under communism. And for the time being the Securitate is still running this country.

[131] But if these files are released, that may all at once damage the credibility of some people, at least for public administration and other offices. You yourself can be approached for running in an independent in the 20 May election and under Point 4 of the Proclamation of Timisoara.

[Mărculeasa] Point 4 of the Proclamation banned members of the nomenclature and Securitate officers from candidacy. I did not belong to these two categories.

[132] So you did not see any moral restrictions there?

[Mărculeasa] I saw no restriction against my running, just as I saw no restriction to my writing. No one can be denied the right to have his own opinions of interest to the society. I have nothing to compare to myself for what I did in the past 17 years, at most isolated corrections.

[133] Some people believe that your articles are too inciteous considering this episode in your past. Do you think that the tone of your articles served as a self-justification?

[Mărculeasa] There is absolutely no connection between the two and we must not confuse them. That is precisely why I said that the struggle we are waging must not be abandoned

at any cost. Once again, the ideas are not mine. I do not deserve any credit for having put them on paper; it is the duty of each one of us to write them and to incite, as you said, convey them further. Because we need this kind of incitement. I do not see why we should need to whitewash things and muffle our words.

[134] But as soon as we begin to look more closely at other lives, do we not run the risk of finding explanations for others as well (nomenclature, Securitate, etc.)? They, too, may be able to convincingly show that they were pushed or pushed by the system. So at what point does the culpability begin, what is our struggle, and against whom is it?

[Mărculeasa] This is such a vast topic that it should make the subject of a separate discussion. The explanations are many, but each person is defined by his attitude and actions. And if you like, since we nevertheless are living through abnormal times, by the risks he assumes.

[135] From your viewpoint, do you feel guilty toward the press or the GDS (Group for Social Dialogue) about these 17 years?

[Mărculeasa] I have nothing to compare to myself in relation to the newspaper (because in fact ROMANIA LIBERA was the subject of most of my activities). No one can doubt my loyalty to the newspaper. And in fact, the attack on the cabinet cast its shadow on ROMANIA LIBERA. If Magareanu imagines that he can harm ROMANIA LIBERA through me, once again I think he is wrong. As for the GDS, I do not see how I could have turned against it in these two and 1/2 years. Perhaps by lack of participation. Perhaps by not being present, having been absorbed by too many other concerns. As a matter of fact, the GDS is not something very homogeneous or very well defined, neither in point of ideology, or chances, or personal inclinations. I do not know whether the GDS has any right to act as a court of law. For what I have done in my life, good or bad, I will answer to God the merciful. Of course, my sin was bigger, but did not the millions of party members also sign a pledge? Did they not join the communist party for opportunistic reasons? For the journalists who wrote for Comintern not to blame?

[136] So you do not think that you should resign from these posts?

[Mărculeasa] The management committee of ROMANIA LIBERA is free to take any decision in this respect. For the time being I have resigned as written chief, but not necessarily in consequence of what happened now, but because I never liked being the chief.

### Statescu Saved Lives

92B-019578 Bucharest 227 in Romanian  
[5-21 May 92] p. 11

(Interview with Serban Rusca Statescu, co-reporter for ROMANIA LIBERA, by Andreia Pora, place and date not given: "16-17 at the Service of the Fatherland").

[Tiru] [Pora] Was what was said about one of the Deputies (for true or false)?



[Stancu:] Considering what they have on me, it would be very easy for me to say that it is all a Securitate invention, all the more so as the report indicates that my file was allegedly destroyed. I do not intend to do so, because in reality there is no reason for me to say that it is not true. With one exception, toward the end it says that in view of my qualities, the SRI (Romanian Intelligence Service) wants to continue the collaboration and has tried to contact me. I think that is an extraordinary flight of the imagination, after all that I have been writing.

[Stancu:] How did you become an informer?

[Stancu:] It was not a very simple thing. In about 1971 I spent approximately seven or eight days at Pinau Recu, where I met an intelligent, earnest young man who seemed very nice. He introduced himself as the president of the Palestinian students in Romania. I was pretty concerned about the situation of the Palestinians. GHERGHE had just brought out a brochure with the entire history of the Palestinians. That is where everything began. I was curious to find out about the situation and whether what I had read was right, he told me that the reason for the Palestinian terrorist movements was to announce the world to their problems, and that is how we became friends.

[Pora:] Was he a secretist?

[Stancu:] No, after he became more open with me he told me that the story about being president of the Palestinian students was only a facade and that in fact he was in charge of a terrorist movement called al-Fatah. That was actually the point where I began my collaboration with the prison-cum team.

[Pora:] So you were not recruited?

[Stancu:] No. After that I talked to my chief editor. I got scared, in my imagination, all kinds of disasters featuring hostages were going to be plotted here and elsewhere.

[Pora:] Your chief editor informed the Securitate?

[Stancu:] Probably. I don't want to implicate him here. Who would not have? Two officers came and asked me to write a report. I wrote it. After that they told me that this business involved risks but that if I agreed, it was important to them that I keep up the relationship with the guy. I said: With great pleasure. There was no question of any contract, money, risks.

[Pora:] Not of blackmail?

[Stancu:] No blackmail. I had only one condition, which was respected from beginning to end: no political stuff. I told them, too, that my family had been pretty much decimated by the communists and that I had no sympathy for this kind of thing. The matter was linked exclusively to representatives of some terrorist movements with whom I became involved.

[Pora:] Did you write any case, was there any action?

[Stancu:] The anonymous team was cooperating with Western countries under various international agreements. On that basis they were able to make some arrests, prevent some bombings, and so forth. However, at some point

Craescu went mad and I received from documents with those officers that he had begun signing agreements with heads of terrorist organizations. Training camps were established in Romanian territory, which then worked in other places, Germany, Italy, the Arab countries. For example, there was the al-Fatah Madhaba movement headquartered in Tripoli under al-Judhaili's wing. When I realized this dissemination I began to cut off my relations with them, or that I wouldn't have anything more to give. At one point I felt that I was serving Craescu by providing him with information, rather than Western police forces with a view to preventing certain actions.

[Pora:] The report mentions money. How did this enormous line stretch to give you, in what currency?

[Stancu:] If I went with one of them to the [Danube] Delta and my share of the expenses was 100 lei, I would get that amount and sign a statement. The tragedy is that they only have three copies left.

[Pora:] How do you know?

[Stancu:] I know because the file was destroyed. That is made clear even in their report. I think that the destruction of files, including this one, was a crime, because it was very interesting. It was like a police novel. And I was not guilty of anything. No Romanian citizen suffered anything by it. About 1985 I began dissident activities and I was put under observation under a Securitate alias organized by an entirely different department, called the Petard Action.

[Pora:] Seems to me there was a move by that name.

[Stancu:] I don't know, it dealt with people who pretend or intended to print illegal leaflets and publications. What amazes me now is that they managed to find out about my transition. Because in effect the illegal publication LIBERTATEA, which brought out only two issues, was the work of only four persons. It is amazing that they found out. We were two friends and our wives.

[Pora:] When you were working as a journalist, how come they did not try to use you in that way, as they did many others?

[Stancu:] They were thoroughly familiar with my file and they knew what I thought. Many members of my family had been deported. That was the spirit in which I grew up.

[Pora:] But they could have blackmailed you.

[Stancu:] You can only blackmail a person when he has violated the rights of another person. They had no means of blackmailing me.

[Pora:] Do you see yourself as affected because you did not inform on any "Romanian" group?

[Stancu:] Yes, but not completely, precisely because of the one fact I told you. I came to feel that the informant was being used for Craescu's contacts and that without my knowledge. I gradually helped Craescu's directing the flow of relations with terrorist organizations.

[Pora:] Did you ever suspect that you were an informer?

[Stancu:] They couldn't have.

[Piraj] Nevertheless, during the time you worked as editor for VIATA STUDENTESCA you were judged as an informer and your colleagues were careful not to mention certain topics in your presence.

[Stanculescu] I don't believe that. Toward the end there was a very big dispute at VIATA STUDENTESCA between a group of editors and the newspaper management regarding fraud. It involved Mitza, Simona, and others. They had no regard as an informer. I finally joined the party and at one general meeting I got up and said that they were wasting, wasting newspaper money. The two camps were gradually divided only about fraud. A scandal broke out about a disclosure in connection with politics. Had there been any such thing, that is what Magaramba would have produced now, not matters regarding the anticomunism struggle.

[Piraj] The report mentions "200 signed copies" but no anticomunism struggle as we can believe anything.

[Stanculescu] Please believe the report they put on the market.

[Piraj] Why? You make me feel that you rely on that report, can other documents not show up?

[Stanculescu] But I am convinced that there are other documents in existence. Saying that the file was lost is a lie. Since they want to discredit me, they would have pulled out or at least fabricated such documents.

[Piraj] After VIATA STUDENTESCA you worked for INFORMATIA SECURITATII. Did you suffer any repression after handing in your party card?

[Stanculescu] I handed in my party card and I said I did not agree with the party policies. I continued to work for INFORMATIA because after that came a whole round of "talks" in which it was explained to me that it was a shame about my little girl, that she could get run over by a truck. Everyone wanted only one thing, that I should reclaim my party card. That was after the scandal with Carol Dragos Marinariu and then were afraid of another scandal.

[Piraj] But Carol Dragos Marinariu was fired from his job, was he not?

[Stanculescu] With him they did not do any kind of investigation. I took my party card back after they guaranteed to me when I say they I meant Comares, who was then secretary for propaganda at the party municipal committee, that from then on I would not be required to write anything but what I wanted for the newspaper.

[Piraj] And that is how it was? You wrote only what you wanted?

[Stanculescu] I was working in the department for "cultural matters." I wrote only what was possible out of what I wanted. I could not write that the country was starving, but I could write that there was no wrong thread to be found.

[Piraj] So you minimize the fact that you were not fired from the newspaper to a primary investigation, but to the fact that they wanted to keep you there because you were an informer?

[Stanculescu] The question does not relate to the documents and the report they presented. They said that when 1990 they began to watch me and that I was under investigation. That is what they said, that the collaboration ended at that time.

[Piraj] They said that the collaboration ended "by common agreement." What did that "common agreement" mean, did you have some document about it?

[Stanculescu] I don't remember exactly, but if there was an agreement, there was no such document, there could not have been.

[Piraj] So the report must not be believed as an extract?

[Stanculescu] No, when they keep saying that I was being watched because of traffic. That surveillance was downright false. There was there were two shadowing etc. about 1 or 4 meters behind, almost constantly, but I did not for a minute suspect that they had listened out about the traffic.

[Piraj] After the revolution, when you joined ROMANIA LIBERA, did anyone know that you had been an informer?

[Stanculescu] No.

[Piraj] Why did you not tell?

[Stanculescu] Because I did not think it was necessary. Now, of course. The moment was always well chosen. I was away in England and Marinariu was in town. But as long as you didn't do anything which had to do with the political police or documents, espionage, as long as you didn't cause anyone any harm, it's not something that weighs on your conscience or that affects you. My conscience is not bothered by anything to do with my collaboration with them, with the exception of that thing I told you.

[Piraj] But since you worked for a newspaper like ROMANIA LIBERA and wrote so often, straight and harshly, did you not think that if your file were to be released, the newspaper was obviously to stand in an unpleasant situation?

[Stanculescu] My file contains nothing apt to cast a negative light either on the newspaper or on me as an individual.

[Piraj] The story said that you were a Securitate informer, is not a negative light?

[Stanculescu] The worst fact that I would have known is that some European states is not an ally, but, in my opinion, so I don't really think that this is something evil or apt to cast on one's conscience. Some of the informants, especially, did not have anything to do with documents, espionage, or with activities that violated the human rights.

[Piraj] You are a member of the Steering Council of the A/P (Romanian Information Association). Do you intend to withdraw from that position?

[Stanculescu] Since this is a pretty scandal that would affect the reputation of the association, I told the A/P Council that I was ready to immediately withdraw. They said that was not the question and decided to begin a round of discussions between the Steering Council and the Parliament, the Executive Ministry, and the SRI, which I will not attend, because

I never want to see Magureanu again, discusses on what the Securing Council views as an attempt to blackmail the press and the opposition.

[Pora] Now that your file or some of it has been made public, do you still maintain your opinion about releasing the files of the other informers?

[Stanculescu] I always demanded that the files and the list of informers be made public, but in their entirety. What Magureanu is doing is not only illegal, but heinous. Magureanu is publishing bits of files, what suits him, and using them as a political weapon against certain opponents. This national blackmailing will stop only when the complete lists and files will be released to the public.

[Pora] In the light of this file, can everything that you wrote after the revolution now be questioned by the public?

[Stanculescu] The signals coming from the readership do not indicate any such thing. I do not rule out such a possibility, but I assume that what I will write from now on will be free of suspicion.

[Pora] At this point many readers probably wonder where you got some of the information on which your occasional articles were based?

[Stanculescu] That seems relatively easy to me, since I lived that experience, had a popular newspaper, and showed great courage in what I wrote, people realized that I was a sound creature and brought me many pieces of information.

[Pora] Nevertheless, some items clearly came from, what we call, a reformist wing of the Securitate. Were you in contact with that wing?

[Stanculescu] There have been many attempts of this kind, concerning both myself and my colleagues. We received information about the reformist wing of the Securitate, but we always viewed it suspiciously. Some pieces of information were kept for months on end, because we did not trust them, although they were correct.

[Pora] Toward the end of your file it says that attempts will be made to contact you again. What would have happened if the file had not been released?

[Stanculescu] I don't know what would have happened, but collaboration with the SRI sounds like pure phantasy to me. How would they try to collaborate with the man who organized the Farmers' movement and who is struggling against the political police?

[Pora] Perhaps precisely for that reason?

[Stanculescu] Yes, perhaps if they had something with which to blackmail me. Three months ago I was warned that this report was going to be the market. How can you make a man who keeps kicking you become your brother?

[Pora] Much has been said and written about Point 4 of Timisoara. Using the same line and the same criteria, would it look right to you if former informers were forbidden access to the press?

[Stanculescu] I think that would be impossible. It never happened anywhere in the world. I think that ethically, all those who collaborated with the Securitate should be deprived of the means to express themselves publicly, through the press, from the Parliament, etc., or from a cabinet seat, but I repeat, those linked to domestic political espionage or the political police. What would be the point of having a person who caught spies from working for the SRI?

**Yugoslav Army Reportedly 'Moving in Circles'**

AC 2205120792 Zagreb NOV1 UJESNIA  
in Serbo-Croatian 17 May 92 p 1

[Article by Mirko Sajer: "Aggressor Is Not Crossing Danube"]

[Text] The Yugoslav Army must leave the occupied region of eastern Croatia after the blue helmets have taken up their positions and taken control of this war-torn region. This should be the beginning of the first phase of the demilitarization of sector "E"—eastern Slavonija and Baranja. However, Croatian Army patrols have noticed curious movements by the aggressor's army. It appears that the Yugoslav Army has packed, but is not crossing the Danube; instead, it is deceiving the UNPROFOR [UN Protective Force] by moving in circles.

What is actually happening? On Saturday, we asked Zvonimir Valentekovic, Croatian Army official in the Osijek operational zone responsible for liaison with the UNPROFOR command in sector "E."

"Our patrols have recorded the movement of arms convoys from Tenja to Sarvas, from Sarvas to Kisa, and then back to Tenja. They are still not leaving Croatian territory. A small part of the army and equipment has left Baranja by crossing the Batina Bridge on the Danube. But all of the artillery is still in Baranja, and, according to the orders issued by the UNPROFOR command, the guns should be pointed away from Osijek. However, not only is that order being ignored, but the firing has not yet stopped. The enemy is still shelling our positions, and it is not even hesitating from destroying civilian targets. We will, of course, inform the UNPROFOR officials about the behavior of the Yugoslav Army," said Zvonimir Valentekovic.

## U.S. Accused of Acting Against Wrong Party

LDJ205123192 Belgrade TANJUG in English  
1143 GMT 22 May 92

[Article by Branislava Stanov: "Why Is the U.S. Government Accusing Serbs in Bosnia?" *Interpovna and Yugoslavica*]

[Text] Belgrade, May 22 (TANJUG)—The U.S. Government on Wednesday took real punitive measures against the Federal Republic of Yugoslavia on the basis of unfounded accusations that the Yugoslav Army's aggression on the republic of Bosnia-Herzegovina continues.

The measures became effective on Thursday.

The U.S. officially explained that it was risking the landing rights of the Yugoslav airlines because it said the authorities in Belgrade had not lifted the blockade of the airport in Sarajevo, capital of Bosnia-Herzegovina, and had not secured the delivery of humanitarian aid to war-affected population in Bosnia-Herzegovina.

The accusations were obviously addressed to the wrong party since the Yugoslav Army has almost completely withdrawn from Bosnia-Herzegovina and neither it nor the Yugoslav authorities control Sarajevo airport and the situation in the field in that republic.

The U.S. State Department spokeswoman, Margaret Tuvshiler, said that an attack allegedly staged by "Serbian forces" on a convoy with humanitarian aid headed for Sarajevo, in which an International Red Cross representative was killed, was the last straw for the U.S. Government. Tuvshiler cited as evidence of the alleged aggression's "brutality" the alleged capture of several thousand refugees from Sarajevo in the capital's Serbian suburb Ilidza.

The spokeswoman failed to inform the U.S. public that the convoy with humanitarian aid had safely gone through a territory controlled by Serbs and was attacked on May 18 in the suburb Vratnik, which is controlled by Muslim-Croatian forces.

At the same time, it was not disclosed that International Red Cross representatives, themselves, had said that it was not known who had attacked the convoy.

Truth has also been concealed from the U.S. and world public about why and by whom the convoys of refugees had been stopped in Ilidza. It was not stopped by Serbian forces but by unarmed family members and relatives of the 200 or so Serbs massacred by Muslim forces in the Sarajevo suburb Potanje on May 18.

The Ilidza residents demanded guarantees from international forums that there would be no more massacres of Serb civilians in the settlements controlled by Muslim-Croatian forces and that the Army would be enabled safely to evacuate the remaining personnel from the barracks kept under blockade.

The relatives of the innocent victims in Potanje said they would let the convoys of refugees proceed if over a hundred Serb soldiers under age leaders of the military school at the "Marshal Tito" Barracks in Sarajevo were safely evacuated. The

Sarajevo Army barracks have been kept under siege and fire by Muslim-Croatian forces for days.

The convoy of refugees was permitted to leave Ilidza on Wednesday. In the meantime, Serbs supplied food and water for the held refugees.

Muslim-Croatian forces have staged a number of attacks on military convoys which were pulling out of Bosnia-Herzegovina.

A convoy of the 2d military district command was attacked on May 7 in Sarajevo while withdrawing under guarantees from the U.S. Protection Force in Yugoslavia (UNPROFUR). Eight army members were killed and many wounded in the attack.

According to unofficial figures, 49 army members were killed and many more wounded in an attack staged by Muslim "green berets" on an army convoy which was drawing from the town of Travnik.

The truth about those crimes and the massacres of 1,500 Serbs in Srebrenica, eastern Bosnia, and 120 Serbs in Kamen, Western Herzegovina, and about the thousands of Serbs held hostage by Muslim-Croatian forces, in Ljubo and Cidrak, for example, has not reached the public in the United States and most other Western countries.

Despite everything, the U.S. Government has announced a series of further measures it means to take in accord with its European allies in case "aggression on Bosnia-Herzegovina" continues. European Community reports on Thursday recommended severe sanctions against Belgrade—a trade and transportation blockade and an oil embargo.

In addition to addressing unfounded accusations to the Serbs, the U.S. Government and the governments of the majority of Western countries are completely ignoring the efforts invested by Serbs for the resumption of hostilities and the resumption of the talks on the final order of Bosnia-Herzegovina.

Western sources have failed to say that the Muslim side has ignored a unilateral ceasefire proclaimed by Serbs and rejected a Serbian proposal for Sarajevo to be proclaimed a free city.

Since Alija Izetbegovic, Muslim leader and president of the Rump Muslim-Croatian president of Bosnia-Herzegovina has openly stated that he is ready further to sacrifice peace for an independent and unitary Bosnia-Herzegovina, it is clear that drastic measures against the Federal Republic of Yugoslavia will not produce any solutions.

A way out lies strictly in a new European and U.S. policy, one which will respect the principle of equal rights for all nations in Bosnia-Herzegovina.

## Desperate Situation of EC Observers Described

6/2 Berlin, a Hamburg DER SPIEGEL in German  
10 May 92, pp. 187-188

[Article by Klaus Brennermann: "That Much Less Hope: German EC Observer Klaus Brennermann on His Service in Sarajevo"—first paragraph is DER SPIEGEL introduction]



[Text] Boenigsmann, 43, is a lawyer and was one of the cross-border observers in Slovenia, Croatia, Serbia, and Bosnia and Herzegovina from July 1991 until recently.

Antonio dos Santos is a lawyer from Black House in Portugal. He is a lieutenant colonel in the Portuguese Air Force. Until Tuesday of last week, he was head of the EC observer mission's regional center. This means that he held probably the toughest job that the European Commission had to give in war-torn Yugoslavia.

In his last days in Sarajevo dos Santos had been meeting with all sides: Muslims, Serbs, Croats, State Presidency, and Army. He gave no regard either to himself or to them, time after time he pressed his communication with all the authority that the EC still possessed to get down at the negotiating table for talks that would not have taken place without him and his men.

It is impossible to understand why people expect peace often come after times when at times nuclear shells are falling on the city at one-second intervals, when people are dying, and the situation is growing increasingly hopeless.

Croats are destroyed and villages attacked, not because they are military targets but in order to drive out the refugees. This is a war of terror. In Sarajevo sharpshooters fire at everything that moves in the women.

Dos Santos's top priority is the safety of his team, which comes from almost every EC country, plus Switzerland and Canada. The thought of something happening to one of its grown men frightens him. The death of a Belgian observer in Moscow was a terrifying point. What can you feel but helpless despair when you watch a colleague in his blue beret walk as a halted tank as he walks toward it, only to be put down by a burst of fire from a machine gun?

It had been arranged that the EC team would accompany a group of technicians to repair water electrical cables, but what are guarantees worth when even UN soldiers—who, unlike EC observers, can defend themselves—are detained against their will and forced to surrender their arms and equipment?

A typical scene. We managed to gain the release of UN soldiers held by the Bosnian militia prior to the explosion of an urban ammunition. However, when the soldiers returned to their barracks, their feeling was one of rage at their humiliation, rather than joy at their safe return. They got at the EC negotiator and came within a hair of beating him up. As he left the building, a grenade went off near him.

In short, our headquarters, the situation grows increasingly precarious. Muslim fighters had attempted to capture the Serbian enclave on the southern edge of the city but were forced back. The Serbian enclave then established its strong point directly opposite our hotel.

Every night the Serbs shoot fire at the Muslim enclaves on the edge of the city. From dusk to early morning the air is crisscrossed with the infrared line of search, laser machine guns, and mortars.

Your team stops a bus when you see onto the darkness from another 200 meters away. Is that person doing a respectable and you might as well go up because it is better to be with your colleagues.

More and more often EC teams report that they are being hindered in the performance of their work. They must get out of their vehicles at roadblocks, submit to questions, and often they are turned back. A group of Belgians driving in Zagreb for their company's funeral have to turn around. The Serbian resistance works with particular care to see if there are any Germans in the vehicle.

In the Bosnian militia zone it is advisable not to advertise the fact that you are German. Serbian pro-war propaganda has long portrayed Germany as being in blame for the trouble in Yugoslavia. The EC's policy is responsible for the country's fragmentation and it is Germany that drives EC policy. That is the point that is constantly driven home in the Serbian media.

That you begin to grow a bit concerned after a while. As a German, how will you get out, when it is impossible to do so by land, when a marching band could be walking behind you head in the mud? What happens if the mission must be evacuated suddenly and you have to remain behind alone? It is a good feeling to have some Serbian friends who share these concerns. The propaganda does not appear to work as intended.

The army often is and, although the subject is closed, helicopters can land in the open area at the barracks. Communication is difficult because the telephone no longer works and the war fragments all attempts at planning, but finally we succeed. As the heavy Russian Mi-4 helicopter lifts off and starts to rise over the hills of the besieged city toward Belgrade, you feel a great feeling of relief—but also concern about the fate of the people left behind.

In the end, did the EC observers do anything? Five Serbian soldiers in the line of duty prove the opposite and represent the high price the EC paid.

In addition, if asked by the observers to complain that the war is still raging despite 15 months of efforts. They cannot be blamed for the failure of the politicians in Yugoslavia. In any case, bringing about peace in this conflict seems hopeless as long as all parties do not want peace.

Increasingly the EC mission on the ground must limit itself to mediation. But precisely that is a great value, as proven by countless positions, from the blockaded Novi-Litvo to the evacuation of refugees from Vukovar.

We must not let the people who are counting on us. It is the fact that Antonio dos Santos's mission shows people in Sarajevo will have that much less hope.

### Protestant Churches as 3 Serbian Parties

Alibonjčić, Bogdan. NPS as Serbia-Churches 3 May 92, pp. 26-27.

(Article in *Crnogorac* (Novi Sad: "Protestant Churches"—4th paragraph is NPS introduction).

[Novi] For the time being, the disagreements in the three largest parliamentary parties in Serbia have the common of college. Not the so-called social democrats, very separate from the NPS (Serbian Socialist Party), because the NPS (Serbian Renewal Movement) deputies (all in spite of Vuk Draskovic's suggestions, did not join the Assembly, because Draskovic's Movement was removed at the last session of the Vuk Committee.

During Draskovic's recent past appearance on "Mikrointervju", one never asked whether the proverb "He is crying wolf, but he has created the wolf" applied to him and Draskovic. The president of the Democratic Party, concerned with a constitutional crisis, but it is clear that the opposition leaders in general think that whatever the "crying the wolf" and in this regard there is no doubt about who is involved in their opinion in fact there is little left that the parties opposed to the ruling one could gain, other than everything has already been controlled by the state (i.e. the government).

When accusations against the government come from the opposition, there is nothing strange about it, but concerns are also being heard from and even often from the ranks of the ruling party, itself. Dr. Vuk Draskovic explained to NPS the reasons for his dissatisfaction. "The NPS program is—strongly promoted a return of a social welfare market economy, something similar to the German model, i.e. a full-fledged market economy whose negative consequences are reduced by a developed social welfare system. That program does not have any word about the state's direct role in the economy. What we have in practice is that the 11 largest Serbian companies, which jointly represent 27 per cent of the total economic capital have been nationalized (4) these companies, except for VET (Vojvodina for Trade part), have completely passed into the hands of the state and there is not even a pretense of mixed ownership. The government has appointed itself (i.e. the economy, or the heads of business, to the state role, through the formation of cartels, local self-government has been taken away from the operators, and centralization is continuing, from kindergarten to university. That kind of role for the state was not in the program either.

### Chances in the NPS

The Socialist Party is obviously no longer completely relevant if it ever was. People are taking them and their speech about an "ideal" way, and even about the formation of a new social democratic party that will emerge from part of the NPS.

The Socialist Party was apparently formed more as a continuation of interests than as a political community, its primary goal was to win the elections. There was too much thought about whether the conditions proposed would be

able to achieve the main political objectives, and particularly in the legislative process, and this led to the formation of a "third majority" within the NPS deputies club. The main characteristics of that majority, according to our observations, was an attitude that "they did their part" and by securing the Assembly, "and so they can calmly support even decisions by the government which is a betrayal of them." Here we will not go into whether the sort of choice of candidate deputies by the party leadership was a consequence of malice or, on the contrary, skillful planning.

The group of "third order" deputies is not negligible in number either. That could be seen on the occasion of the vote on the Law on Resolving Church Property, which was withdrawn only after rather strong and open pressure from the party's leadership and from President Milosevic himself. It is in that context that one can also view the demand by Vuk Draskovic to see how the state should be so much to work using as Russia's government. Later he said that he had reacted in this because "he suspected that there were those in his party who were vacillating."

In deciding on the issue of church property, at least that first session, the "vacillating" ones, although numerically weaker, virtually imposed their position. But this was also due to the opposition's vote.

Apparently they were mostly also successful in doing so on the internal party level, on the occasion of the election of the new head of the NPS deputies group. According to our sources, it was planned that someone among the "proposed personnel" would go that position, and thanks to the chaotic majority, that would go through without difficulties. Since the majority group is not too homogeneous or involved in the work of the deputies group, those others naturally proposed and elected Zoran Lilić, a religious young engineer and the director of a successful factory, "he has foreign exchange".

### Stance Changes

Nevertheless, our observations emphasize one should not expect too great changes from Lilić's coming to head the deputies group. From all indications, he is a withdrawal—within the previous suggest communications—who does not have any clearly outlined political platform. It seems that Lilić is not backed by any coherent bloc within the ruling party. On the contrary, the deputies who do not want to work exclusively as a voting machine are a considerably heterogeneous group. Some are concerned primarily in economic issues, although it can be expected that in time they will also deal more and more with pure politics. Anyway they have already had an opportunity to purchase (for a successful market economy cannot be built in the sort of political system whatever). Their tactic will probably be the gradual occupation of key positions in the NPS and the transformation of the party from within.

The second group of dissatisfied deputies consists of those who have announced the formation of a new deputies group within the framework of the NPS, and there also the formation of a new party—the Social Democratic Party. There was even discussion of the plan (discussions) and the date of its proclamation (it has passed). One of the members of

this action, according to unofficial sources, was deputy Jovan Cvetkovic, who is also president of the Yugoslavian opposition, along with a group of deputies primarily from southern Serbia, and, judging by certain sources, also from many other electoral units (the figure of about 80 deputies, probably exaggerated, has been mentioned). Their current course is mostly focused on resolving the Serbian national question, and their intention of the party's leadership would allegedly be insufficient determination and radicalism in resolving the Yugoslav crisis.

Whatever happens with this situation, there is reason to expect a chaotic Socialist Party congress is now eight months<sup>1</sup>, which naturally does not mean that any major fundamental changes will really happen as well.

#### Discussions About the Elections

The recent session of the SPS's central administration also showed that expectations are not always fulfilled. At this meeting, the atmosphere around which was skillfully<sup>2</sup> heated up by its being closed to the public, nothing happened. The lack of major changes can be explained by the fact that the members who are more radical on the national question have already left the party, and thus that faction, i.e. what is left of it, does not have the strength to impose any sort of change or what is now the dominant and operative of the SPS. Disagreement within the party is most pronounced in the issue of the method of further activity. The president, and especially Vuk Draskovic himself, has already been advocating leaving parliament for a long time now, but the deputies' group decides on that independently. In voting on it, everyone except one deputy (Milutin Markovic) was in favor of staying in the Assembly. Jovan Marjanoff informed NBN of two reasons:

"The Assembly system still has its purpose. It is a tool for organizing, but practice has shown that from time to time it is necessary to remind the people that their wishes are being, and that their freedom of movement is restricted (this has to do with the certificates for leaving the country), and to remind them of the seriousness of war before society is organized, the resignation of the white flag, and the pronounced opinion of those who are waging war."

Another issue over which there was recently a split in the SPS is the issue of participating in the elections. The majority's position is clear—to do so only if certain conditions are met. There were people willing to participate in the elections even under the present circumstances, however. These were mostly the Vojvodina committees, who feel that the trend is such that the opposition would be sure to win at these elections. Next, its participating in the elections would show the opposition's voters their rights, and some of them would possibly vote for the Serbian Radical Party, which, along with the SPS and the LC Movement for Vojvodina, would occupy all the positions in the region, "which would marginalize the democratic opposition to a great extent."

There have also been disagreements within the Democratic Party over the local elections that have been announced. Its decision not to participate is well known, but specific demands have also been made. A considerable number of

the Main Committee's members considered these demands exaggerated, and advocated ones that would be more acceptable to the authorities, at least theoretically. This would leave open the possibility of participating in the elections scheduled for the end of May.

#### Serialized Elections

Our sources say that this group also included the party's president, Dragoljub Macanovic, but after a 10-hour discussion, he was surprised by a very small margin in the number of votes. The number of different factions in the Democratic Party was also discussed before. The group must decided to compromise with the authorities because dominant in relations within the party, and its representatives best known to the public are, especially, Macanovic, Zoran Djindjic, and Draskovic Tomic. They must open activity exclusively within an institutional framework and by institutional means, viewing politics almost all in the act of compromise and adjustment. The adherents of a sharper course (its best-known representatives are Vojislav Kostunica, Vlastimir Jaskovic, and deputy Mirko Petrovic) agree in principle with that definition of politics, but only if there are regular fully democratic conditions for the political struggle, which, they believe, is not the case here and now.

If one follows the Main Committee's decisions for several months back, one gets the impression that this second faction is slowly becoming dominant (the demand for scheduling elections for a constitutional assembly, first a republic one and then one for the post state, the retention of a provision for recalling the president of the republic, the decision to boycott the local elections).

The three largest parliamentary parties in Serbia are obviously becoming divided. For the time being, however, one should not expect any spectacular changes. The only surprise in the near future could be the shift of some SPS deputies to the Democratic deputies' club, which has been announced by Jovan Vukobrat, the secretary of the Democratic Party. The people from the ruling party with whom we spoke, however, do not know who the possible Socialist deserters could be, and it is even more interesting that Vojislav Kostunica, the Democratic Party's vice president, does not know anything about it either, according to his own statement. The game of hide-and-seek is continuing.

#### Serbia Committee Announces Purge of Generals

At 2000/11/6/ Belgrade: NBN/LJNA BUBBA  
in Serbia's "Narodna" 16-17 May 92 pp. 6.

[Commentary by Stjepan Stokanec "Second Sweeping of Unjust Generals"]

[Text] The great "purge" of the generals of the Yugoslav Army, which was decided (for some surprisingly) on 4 May by the "collective chief commander," presided by Dr. Branko Kostic, is still making headlines in the domestic and international press. And it is bound to continue attracting not only media attention, until the next serious step by the federal authorities, for which we will not have to wait long.

Statements made by some people affected by this decision only confirm assumptions that the "purging of generals

operation' was prepared with great care and rather contemporary materials, and that both civilian and military strongly futurist ideas of weapons magazines took part in it. The final act was carried out more skillfully and effectively than any operation by units of the so-called Yugoslav People's Army in this whole war on the territory of former Yugoslavia.

Branko Kostic's haste to deny, in front of the representatives of the "seventh forum" (reference to the press) on 11 May, after the closing of the 10th International Technology Fair in Belgrade, the thesis that Vukobrat Milosevic was behind the "operation" ("it is a result of completely unfounded guessing") can only have an effect opposite to the desired one: Kostic's confession, disguised in his reference to "change in the Army leadership" (for which he will not be responsible) speaks of change as a forced act, rather than of resignation as a voluntary act. That sheds more light on Kostic's order for the persuading of the generals, which has been interpreted in various ways by the international and domestic public.

The most common interpretation is that the "hardline communists" in the military leadership have left, thus giving room to the "younger cadre, which is not burdened by communism," that "unsuccessful and overgrown generals" whose time had passed, had to be replaced by "young and capable officers."

However, dichotomies such as "communist believers of Tito's legacy" and "ideological puritans," "old and overgrown" and "young and capable" and "hardline" and "flexible," are all marginal. Among the generals who have been spared by the "iron broom" one can easily find many names that could, by even the most simplified of standards, bear a negative prefix. The changes in the Army leadership have been made along entirely different lines to these.

#### "Runners From Folly"

The largest number of those affected by Kostic's decision were those who met at least one legal condition for persuading, or came very close to it. They make up half of the 18 people persuaded, so in that respect Mr. Branko Kostic is right when he says that this mass persuading of generals should not come as a surprise. That group accepted the decision on persuading with calm, and Slogosavac cannot count on them in his process of creating "mutual enemies" of those who persuaded them. Another group is defined by the fact that this time all non-Serbian generals have been "swept aside" (Petar Karamusic, Ruzicovski, Kostovski, Nikolicovski, and Ferahapic). Then there are those who have been more inclined to call themselves Yugoslavs than Serbs (and certainly not Serbs who accept Milosevic's position). In connection with that, an Army commentator recently intervened: "We believe that the Serbian officers at this moment have the most difficult task in the history of their people, because they are finally having to pay for their graduate Yugoslav title," (meaning almost all the persuaded Serbs, together with Adnan). And finally, the criteria for the persuading was success or work, which Dr. Kostic put in these words: "There are a number of officers whose work we do not find satisfactory." (According to unofficial

sources, this referred to Kukanjac, Slogosavac, Slogosavac, Kukanjac, and, of course, Adnan.)

So let us have a closer look at some of the more prominent names from the list of 18.

In the case of Blagoje Adnan, resignation is only a more honorable name for dismissal. He will not mention easily because he was convinced that everything he did was for the common good. Asked how he felt after the proclamation of the new constitution of the Federal Republic of Yugoslavia, he said: "Like a citizen from whom he sees that his country is surviving." The members of the Army trust in all they can to defend this Yugoslavia. So, as he himself said many times, a Yugoslav through and through. But still, a very crippled Yugoslav burdened by the horrible tragedy of his family, which was murdered by the Ustashas in that other war. His unsuccessful moral dialogue with the parents of those widows caught in the whirlpool of the Bosnia-Herzegovina battlefields only confirmed the earlier decision to relieve him of the function to which, as the headquarters barracks group had it, he was strictly not suited.

The appearance of Marko Slogosavac's name on the list is the greatest surprise for many. Although it was he who launched "Yugoslavia is defended in Congress," he failed to impress the Serbian public. He probably did not keep in mind the fact that the same public could not forgive him and the Secretary for military security, whose leader he then was, for the utterance approach to the last war in Slovenia. Obsessed with his career, he did not seem to realize that he could not behave like a Serbian military minister as he did in the general staff, and that he had to submit himself to the leader. Still, it was widely believed that he was more skillful a player in "great games" than he actually turned out to be, and that he would not step on the banana peel, so deftly placed before him by Mrs. Dobrica Cosic-Gilic, the co-ordinator of the order.

#### Importing a Troop

The removal of Milutin Kukanjac from the command post of the Second Military District is a radical step by Kostic's so-called Presidency. If anybody else had been in Kukanjac's place, the same thing would have happened. It is impossible to find one's bearings in this great political mix-up. The range of Kukanjac's commanding in the Bosnia-Herzegovina war went from media popularity, when the same people believed that Kukanjac and his army could save them from the tragedy that had been reported in Bosnia, to the engineering of Slogosavac and the depths of mass cynicism, mostly young people in the Army camps, pulling out of Sarajevo. That finished his military career.

After the Slovenia war, Zvezda Slogosavac replaced "traitor" General Kukanjac as commander of the then Fifth Military District. The Croatian media branded him, with good reason probably, the "Go Man." However, after the war in Croatia, and particularly after the Vukobrat case, it turned out that Zvezda was not so "go" after all, and certainly not as skilled a commanding warrior as it had seemed. He is going into retirement satisfied.



If it had not been for these endlessly long negotiations with Ante Gotovina, officer of the Croatian army, during the war in Croatia, nobody would have heard of Andrija Raseta. As it happened, with the help of the mass media, Raseta hit the headlines worldwide, although he does not care much for his own popularity. He is not one to sweep over his fate.

Things are different for Milan Vukosavljević. Two or three years before our catastrophe, he was a representative in the Serbian Assembly, who "protected Army interests" and "opposed local separatism," which greatly influenced his role in the Army. Milan Vukosavljević was the first ordered to be promoted to a general in the Yugoslav war. In the middle of last September, he was taken prisoner by the members of the Corps of the National Guard, the news of which made a sensation the world over. He spent exactly 72 days in imprisonment. At that time he was at the heart of the Yugoslav tragedy, from Ljubljana to Sarajevo. Some colleagues crossed him, saying that he got hold of a general's rank easily. However, even if his health had not been ruined by the experience, he still could have not been anything but a great loser.

There are three more warriors on the list: Vice Admiral Miroslav Jokić, and generals Spaso Nikolić and Savo Janković. The latter two are pensioners rather than some sort of war eagles, although they both commanded a corps—Janković, the Tuzla Corps, and Nikolić, first the Kopaonik Corps and then the Bihać one. Judging by some statements they made, they were becoming tired of it all, which says a lot about their attitude towards retirement. Admiral Jokić had been minister for defense of the Republic of Serbia before he was sent out to the Dubrovnik battle zone. He did not escape the curse of those who had all their property "scattered to the ground" there.

Nikola Čabrin is a man who made a firm soldier to colonel-general. He holds a doctorate in economics, and had been the Army budget planner for years. He did expect to be retired, but it must have come as a surprise to him to be sent packing with Arkan.

So, the second great sweep of generals is over (the first one was on 28 February). Up till now, 68 generals have been pensioned off, and there are at least as many about to leave active service. This second sweep was more damaging than the first. It came suddenly, and caused great confusion in the massive buildings of the Federal Secretariat for National Defense. They say that after the news reached them, the telephones were used until they became red hot. People were confused and some were frightened because others, provided they live only on their salaries, that is, pensions, have to count on a 40-percent drop in their living standards. So it is no wonder that many officers and colonels in the Army started put up a better struggle to avoid the wave of pensioning off.

#### Macedonian Security Council Membership

СЛУЖБЕНА СЛУЖБА ЗА БЕЗБЕДНОСТ  
in Macedonia 1-2 May 92 p. 1

[Unattributed report: "Macedonian Republic Security Council Established"—first paragraph in СЛУЖБЕНА БЕЗБЕДНОСТ introduction]

[Text] According to the Constitution, Kiro Gligorov, president of the Republic of Macedonia, is elected chairman.

In accordance with the Constitution, on 10 March Kiro Gligorov, president of the Republic of Macedonia, submitted a resolution on the structure and the naming of a chairman and members of the Republic of Macedonia Security Council.

On the basis of this resolution, according to the Constitution, the president of the Republic of Macedonia is the council's chairman. The following were appointed council members: Stjepan Andov, chairman of the Republic of Macedonia Assembly; Dr. Nikola Kljuev, prime minister of the Republic of Macedonia; Dr. Ljubomir Fečkovski, minister of internal affairs; Dr. Trajce Gacevski, minister of national defense; Dr. Denko Maleski, minister of foreign relations; Kiro Crvenkovski, retired; Dragadin Murat, deputy chairman of the Republic of Macedonia Assembly; and Colonel General Todor Arvanovski, retired.

In accordance with Article 86 of the Constitution of the Republic of Macedonia, the council consists of the president of the Republic of Macedonia, who is its chairman; the Assembly chairman; the prime minister; the ministers in charge of security, defense, and foreign affairs; and three other members appointed by the president of the Republic.

According to the Constitution, the council will deal with issues related to security and defense and submit proposals to the Assembly and the government.

#### Loyalty Oath for First Macedonian Conscripts

СЛУЖБЕНА СЛУЖБА ЗА БЕЗБЕДНОСТ  
in Macedonia 1-2 May 92 p. 1

[Article by Z.P. "General Staff of the Arms of the Republic of Macedonia Specifies Terms of Military Service"]

[Text] The first contingent of recruits of the Arms of the Republic of Macedonia, who arrived at four garrisons in the Republic in the month of April, as we have already reported on several occasions, will give their loyalty oath in the course of this month. According to the information received by the General Staff of the ARM [Arms of the Republic of Macedonia], the loyalty oath ceremony at Skopje garrison will take place on 9 May, Saturday, and one day later at the Bitola garrison. One week later, on 16 May, the conscripts will swear their oath of loyalty at the garrison in Strip and, on the following day, in Ohrid. All activities will start at 1100.



This being an exceptional military event in the life of every member of the Armed Forces, who must swear a loyalty oath to his fatherland and to the citizens, interest in the text of the loyalty oath is natural. It has already been drafted and submitted for review by the pertinent authorities and agencies, and, according to our information, the final version will be checked by the president of the Republic, as well. The oath will be a very brief, concise, and progressive text, free from ideology and elements of emotionalism and patriotic pathos.

Although the definitive text may be subject to some changes and additions, as proposed, the text of the loyalty oath reads:

*I (first and last name) swear to defend the freedom, sovereignty, and territorial integrity of the Republic of Macedonia. I shall perform my duties and obligations in a disciplined, conscientious, and responsible way, as defender of my fatherland, the Republic of Macedonia, and shall struggle for its freedom and honor.*

**END OF**

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**DATE FILMED**

8 June 1992